



# Certified Loan Application Packaging Rural Home Loans (Direct Program)

Through the Single Family Housing Section 502 Direct Loan Program, USDA Rural Development provides affordable loans to eligible low- and very low-income applicants who wish to obtain modest housing in rural areas (visit the [USDA Income and Property Eligibility website](#) for details). One way parties seeking affordable homeownership may hear about this program is through loan application packagers.

## What is a loan application packager?

A loan application packager provides an optional service to parties seeking a housing loan by helping to navigate the loan application process. A packager can help determine if the [Section 502 Direct Loan Program](#) is a good fit and, if so, help to assemble a complete loan application package. Generally, a fee is charged for their service. Packagers do not work for or represent Rural Development.

Rural Development supports partnerships with loan application packagers since they can provide outreach and be available in counties where there is not a local Rural Development office. Packagers:

- Promote the program in underserved areas.
- Prescreen and counsel potential applicants on how to improve their ability to qualify for a home.
- Ensure that applications are complete with all supporting documentation needed for a decision.
- Give applicants insight into Rural Development's application process and regulations.

## Are loan application packagers certified by Rural Development?

Yes. In May 2016, Rural Development implemented a certified loan application packaging process that imposes reasonable experience, training, structure, and performance requirements on the following three parties involved in the certified packaging process:

1. A Rural Development-certified loan application packager employed by a qualified employer.
2. A qualified employer; i.e., an affordable housing nonprofit, public agency, tribal housing authority, or State Housing Finance Agency (SHFA).
3. A Rural Development-approved intermediary; i.e., an affordable housing nonprofit, public agency, or SHFA approved by Rural Development to perform

quality assurance reviews on packages prepared by certified packagers through their qualified employers.

## What experience is required?

To be a Rural Development-certified loan application packager, an individual must first have at least one year of experience with affordable housing loan origination and/or affordable housing counseling.

To be a Rural Development-approved intermediary, an entity must first have at least five years of verifiable experience with our Single Family Housing Direct programs.

## What training is required?

Certified loan application packagers and quality assurance staff working for an intermediary must complete a Rural Development approved loan application packaging course and successfully pass the corresponding test.

This three-day course reviews the Section 502 Direct Loan Program and its regulations; discusses the program's application process in detail, including borrower and property eligibility and underwriting requirements; and reviews the roles and responsibilities of a certified packager, their qualified employer, an intermediary, and Rural Development staff.

## What steps should I take to become a certified loan application packager?

Familiarize yourself with the certified packaging process by reading the related information found in [7 CFR 3550.75](#) and [Chapter 3 of Handbook-1-3550](#) (specifically Attachment 3-A). If you meet the experience requirements and work for a qualified employer, you may contact a Rural Development-approved [intermediary in your state](#) to discuss funneling applications through them.



## Certified Loan Application Packaging Rural Home Loans (Direct Program) cont.

### How can an entity apply to be a Rural Development-approved intermediary?

Entities interested in becoming an intermediary must furnish sufficient documentation to demonstrate to Rural Development's satisfaction that they meet each of the conditions specified in [7 CFR 3550.75\(b\)\(3\)](#). See [Chapter 3 of Handbook-1-3550](#) (specifically Attachment 3-A) for the list of documentation that constitutes an application.

Please visit our [Single Family Housing Direct Home Loans webpage](#) and select the "Forms and Resources" tab to access training that has more details on how to apply.

Applications to be a Rural Development-approved intermediary are welcome at any time and should be emailed to [SFHDIRECTPROGRAM@wdc.usda.gov](mailto:SFHDIRECTPROGRAM@wdc.usda.gov).

### How does working with an intermediary benefit certified packagers and their qualified employers?

There are many benefits to working with a Rural Development-approved intermediary. They include, but are not limited to:

- The quality assurance reviews conducted by the intermediary ensure that loan application packages submitted to Rural Development are likely to be determined eligible.
- The intermediary provides supplemental training, technical assistance, and support.
- The permissible packaging fee is up to \$1,500.

The fee is split between the intermediary and the certified packager.

- When program funds are limited, loan applications funneled through an intermediary are given funding priority.
- Partnering with an entity that shares similar community and housing mission-related goals.

### Can a packager and their employer choose not to work with an intermediary?

Under the certified packaging process, a certified packager and their qualified employer can work without an intermediary once they have submitted a sufficient number of applications through the intermediary and have exhibited an acceptable performance rating. This arrangement must be approved by the applicable Rural Development State Director and supported by the intermediary.

Keep in mind that certified packagers working without an intermediary have a lower permissible packaging fee and are not given funding priority.

### Where can I learn more?

[Additional information on the certified packaging process can be found in 7 CFR 3550.75 and Chapter 3 of Handbook-1-3550, Attachment 3-A.](#)