

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 December 1, 2015.

REMOVE

Exhibit B: Pages 1 & 2 (Rev 81).

INSERT

Exhibit B: Pages 1 & 2 (Rev 82).

INSERT RD INS 1901-A
(WSAL)

LOAN AND GRANT APPROVAL AUTHORITIES. This
Instruction is partially revised to remove
any reference to the Rural Business

Enterprise and Rural Business Opportunity Grant programs which were consolidated into the Rural Business Development Grant program which was established in the 2014 Farm Bill.

REMOVE

All pages;

Exhibit B: Pages 1 & 2.

INSERT

Pages 1 & 2;

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

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:

Table of Contents:

To update the contents to reflect the changes made through this Procedure Notice and to limit the page numbers to the overview and sections in each chapter.

Chapter 1:

Paragraph 1.2, to remove language that stated certain items are italicized; to clarify that non-Agency form numbers are subject to change and that any successor form should be used; and to add "Customer Service Center" as an alternative name of Centralized Servicing Center (CSC).

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Paragraph 1.8, to add Executive Order 13166 as a civil rights compliance requirement to Exhibit 1-1.

Paragraph 1.9, to update Exhibit 1-2 to reflect modern day income limits, loan amounts, and the new credit report vendor information.

Paragraph 1.10, to insert the requirement that State Directors will review employee relationships, and obtain the Administrator's concurrence for application processing.

Paragraph 1.12, to update the title of the CSC official who may initiate an exception request submitted to the Administrator.

Attachments 1-B, 1-D, 1-G, and 1-H, to update the title of a National Appeals Division (NAD) official.

Chapter 2:

Paragraph 2.5, to update Exhibit 2-1 to replace "Truth in Lending Statement" with "Loan Estimate" following the TILA-RESPA Integrated Disclosure (TRID) rule implementation.

Paragraph 2.8, to remove the guidance about purging and maintaining UniFi records since this is handled at the national level.

Paragraph 2.11, to clarify that the Loan Approval Official determines an applicant's eligibility and signs Form RD 1944-59, Certificate of Eligibility.

Chapter 3:

Paragraph 3.2, to clarify the use of pre-qualifications.

Paragraph 3.4 (B), to include information on the nationally approved online homeownership education providers.

Paragraph 3.5, to update the method of distributing and beginning the application process, to incorporate the use of Attachment 3-D to advise applicants of the application process, and to provide guidance on the use of Attachment 3-J which notifies the applicant what documents to submit for a complete application.

Paragraph 3.6, to modify the method by which applications are reviewed and are setup upon receipt; and to reflect changes required by the TRID rule implementation.

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

Paragraph 3.7, to change the subject of the paragraph which shifted the subsequent paragraph(s). This paragraph now provides a definition of a complete application and requires that an eligibility review be completed within 30 days of a complete application.

Paragraph 3.8, to update requirements based on the TRID rule implementation and to provide guidance on providing a copy of the appraisal when the loan application is approved subject to an acceptable appraisal (which is now a permanent allowance).

Paragraph 3.9, to clarify the process of withdrawing and rejecting applications.

Paragraph 3.10, to entirely remove the requirement to conduct a preliminary determination of eligibility which shifted the subsequent paragraph(s). This paragraph, which is now in Section 4, was revised to clarify the process of selecting applications for processing.

Paragraph 3.11 (A), to clarify the process for determining if regular funding is available.

Paragraph 3.12, to modify the guidance when funds are insufficient to proceed with application processing and to change the title of Handbook Letter 2 to Funds Not Available.

Paragraph 3.13, to clarify that funding decisions should be made based on consideration of both state allocations and national reserves.

Paragraph 3.13 (A), to update the language to refer to a complete application.

Paragraph 3.13 (B), to update the language to refer to a complete application and to clarify the requirements that must be met for a leveraged loan to receive processing priority.

Paragraph 3.13 (D), to modify the use of Handbook Letter 11 and to change the applicant's response time from 30 days to 15 days.

Paragraph 3.14, to change the applicant's response time to Handbook Letter 3 from 30 to 15 days.

Paragraph 3.15, to reflect the change in the verification process in light of the fact that complete applications are now due upfront.

Paragraph 3.15 (A), to clarify the use of third-party generated documents as the preferred form of verification.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 3:

Attachment 3-A, to update the website to Handbook-1-3550, to provide further instructions on the Affirmative Fair Housing Marketing plan, to refer to the TRID rule, to instruct packagers to initially submit the items needed by the Agency to issue a Certificate of Eligibility (COE), and to change the sequence of application packaging.

Attachment 3-C, to incorporate language related to a complete application.

Attachment 3-D, to incorporate the income and property eligibility website; reference the requirement for a whole house inspection; include the revised definition of a complete application by referencing the checklist of items to accompany the Uniform Residential Loan Application; provide additional options to applicants whose income is "too low"; clarify that a job or a stable source of income is a stable income source for repayment; clarify that applications may be submitted by hard copy or electronically; remove the reference to leveraged loans; incorporate 120 days as an estimated processing time from application to closing; add language regarding the potential need for cash at closing; add the eligibility requirement to be a U.S. citizen, a U.S. noncitizen national, or a qualified alien under "other eligibility requirements"; refer to the square footage consideration; clarify that the applicant/borrower is responsible for obtaining the whole house inspection and that Rural Development inspections to not imply a warranty or guarantee on the property; and add the website to the office locator.

Attachment 3-G, to update the checklist to reflect the application processing changes identified in this Procedure Notice.

Attachment 3-H, to update the name of the new credit report type to Tri-Merge Credit Report (TMCR) and to update the contact information for the credit bureau.

Attachment 3-I, to reflect changes required by the TRID rule implementation.

Attachment 3-J, to add guidance for applicants regarding the submittal of a complete application to the Agency.

Chapter 4:

Paragraph 4.1, to add "and Loan Approval Officials" in the first sentence and to add "and verifying" in the first bullet.

Paragraph 4.2, to remove the reference to Housing and Urban Development's Handbook 4350.3, and to clarify the definition of Annual Income.

Paragraph 4.2, to remove "at loan closing" from the reminder in Exhibit 4-1.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550**Chapter 4:**

Paragraph 4.2 (A) (4), to remove the reference to a Loan Servicer.

Paragraph 4.2 (A) (5), to change the verbiage in "Example - Self Employment, Commission and Other Irregular Income" from consignment to commission; to remove the "Ken Hammer" scenario in "Examples - Other Sources of Income"; to change the title from "Examples - Seasonal Income" to "Examples - Irregular Income"; and to change the time frame in the "Ross Bosser" scenario from three to two years income history.

Paragraph 4.3 (A) (3), to remove the reference to calculating income derived from net family assets.

Paragraph 4.3 (A) (6), to add guidance and an example for calculating repayment income from the Supplement Nutrition Assistance Program (SNAP).

Paragraph 4.3 (B), to update the Housing Choice Voucher Homeownership Program's website link, and to correct the numbering of the list.

Paragraph 4.3 (C), to remove SNAP; to add income received by foster children, foster adults, and live-in aides who live in the household; and to add earned income tax credits.

Paragraph 4.3 (D), to remove the reference to Advanced Earned Income Tax Credit in the "Examples - Income Exclusions" box.

Paragraph 4.3 (E), to revise the verification requirements for the applicant's income tax history; to revise the income table to remove the need to obtain original documents, to refer to 1099 (and not 1098), to remove advanced earned income tax credits, to remove support for foster children or adults, to remove the reference to the applicant self-certifying if their assets do or do not exceed \$5,000, to clarify the use of Form RD 3550-2, and to move the "Verification of Recurring Gifts" reference from the Deductions Section to the Income Section; to provide additional clarification regarding the projection of income; to remove the reference to <http://incomecalculator.sc.egov.usda.gov/> and to remove the requirement to conduct Wage Matching.

Paragraph 4.4 (D), to clarify the child care expense deduction for household members who are attending school and to change the title from "Example - Child Care Expense Not Counted" to "Example - Child support Payments Not Counted".

Paragraph 4.5, to include 403(b) retirement plans under retirement assets in Exhibit 4-3.

Paragraph 4.5 (A), to remove the reference to the applicant self-certifying if their assets do or do not exceed \$5,000 and to delete the asset example.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 4:

Paragraph 4.5 (D), to provide guidance on access to retirement assets and what to consider when reviewing retirement assets.

Paragraph 4.6 (B), to revise the limitation on retirement assets.

Paragraph 4.7, to clarify that only the assets of applicants and co-applicants are considered, to remove the requirement to calculate imputed income from assets for annual income, and to remove now obsolete examples.

Paragraph 4.8, to modify how to calculate income from assets for repayment income.

Paragraph 4.10, to clarify the use of non-traditional credit sources.

Paragraph 4.11, to clarify the names of the preliminary credit check systems.

Paragraph 4.11 (A), to update the name of the CAIVRS system, to change the applicant's response time from 30 to 15 days, and to clarify that the Loan Approval Official must reject an application in writing if the applicant does not respond timely.

Paragraph 4.11 (B), to replace the reference to residential mortgage credit reports with tri-merge credit reports.

Paragraph 4.12, to replace the reference to residential mortgage credit reports with tri-merge credit reports, to clarify that credit reports from outside sources will not be accepted; and to make reference to the "SSN Cross Reference" softlink key.

Paragraphs 4.12 (A), (B), (C), and Exhibits, to provide detailed guidance on applicant credit worthiness, credit scores, when a Landlord's Verification is required, Non Traditional/Alternative credit requirements, and when to include debt obligations of a non-purchasing spouse.

Paragraph 4.13, to clarify when the credit history worksheet must be completed by the Loan Approval Official.

Paragraph 4.14 (A), to clarify how to document the rationale for credit exceptions.

Paragraph 4.14 (B), to provide guidance on reviewing significant delinquencies such as bankruptcies and mortgage delinquencies.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 4:

Paragraph 4.14 (C), to clarify that it is the responsibility of the Loan Approval Official to determine if/when a collection account is paid.

Paragraph 4.16, to clarify that all very low-income applicants and any applicants qualifying for payment assistance are presumed to be unable to obtain credit from other sources.

Paragraph 4.17, to clarify the occupancy requirement for active duty military applicants.

Paragraph 4.22 (B), to clarify regular assessments, long-term installment obligations, and deferred debt; to revise the guidance on how to handle student loan payments; and to provide guidance on how to determine the monthly payment for a revolving account with no specific minimum monthly payment.

Paragraph 4.24 (C) (4), to replace RMCR with TMCR.

Attachment 4-A, to reflect the processing revisions to Chapter 4.

Attachment 4-B, to reflect the processing revisions to Chapter 4.

Attachment 4-C, to explain how the legal structure of a business affects income or loss reported to the IRS, to provide additional details regarding the submission of IRS tax documents, and to add language related to conducting a cash flow analysis.

Chapter 5:

Paragraph 5.1 (B) (1), to update the reference in the "Informing the Applicant" help box to Paragraph 3.8 A.

Paragraph 5.1 (B) (3), to modify the language to provide the applicant 15 days to resolve the deficiency.

Paragraph 5.3, to amend the rural area designation definition and to clarify the public notice requirements.

Paragraph 5.6, to include consideration of a dwelling's square footage when making the modest housing determination; to increase the State Director's exception authority for area loan limits to \$5,000; and to include guidance on the square footage consideration.

Paragraph 5.7 (A), to provide additional guidance regarding inspection requirements for existing dwellings and to clarify when a pest/termite inspection is necessary.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550**Chapter 5:**

Paragraph 5.8 (B), to generically refer to the Federal Emergency Management Agency's Standard Flood Hazard Determination here and elsewhere within the handbook. Per FEMA website, "The existing Standard Flood Hazard Determination Form (FEMA form 086-0-32) expired on May 30, 2015. Until the new form becomes available, please continue to use the existing form or the prior version of the form (FEMA form 81-93) whichever you are currently using. Once the new form is published, this page will be updated with the new form and with additional information on transitioning to the new form."

Paragraph 5.14, to update the requirements for a contract appraiser.

Paragraph 5.16, to change the required use of the cost approach to dwellings to be constructed or which are less than one year old.

Paragraph 5.21 (A), to remove the reference to technical reviews being completed by a licensed Agency appraiser and remove the requirement for all Administrative reviews to be forwarded to the appraisal staff.

Paragraph 5.21 (B), to clarify when technical appraisal reviews must be completed.

Paragraph 5.22, to increase the appraisal fee to \$475 and to reflect changes required by the TRID rule implementation.

Attachment 5-A, to remove the checklist for inspection of existing housing and to reserve this attachment.

Chapter 6:

Paragraph 6.2, to change the referenced Attachment from 6-C Loan Underwriting Review, to 6-B Loan Underwriting Review.

Paragraph 6.4 (C), to add the earnest money deposit, inspection fees required by the Agency, and first year's hazard insurance premium as eligible fees and related costs.

Paragraph 6.5 (B) (1), to remove the language regarding increase in interest rate or change in terms not considered to be beyond the applicant's control; and to insert language to include SFH Guaranteed loans, which can be refinanced in certain circumstances.

Paragraph 6.5 (B) (2), to remove language that primary debt to be refinanced must have been made at rates and terms that were customary for long-term financing at the time the debt was incurred.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 6:

Paragraph 6.6, to add the homeownership education fee as an authorized fee which may exceed the maximum loan amount and to provide the website to the area loan limits.

Paragraph 6.6 (A), to remove exception monitoring requirements; to increase the maximum allowable exception request amount from \$3,600 to \$5,000; and add homeownership education fee as an authorized fee which may cause the entire indebtedness to exceed the maximum loan amount.

Paragraph 6.7, to add the homeownership education fee as an amount which can be financed in excess of the allowable Loan-to-Value ratio.

Paragraph 6.10 (A), to remove the requirement that applicants use retirement assets in excess of the applicable adjusted median income limit towards the purchase of a property.

Paragraph 6.17, to add guidance that requires the use of the Underwriting, Pre-Closing, and Compliance Tool by Loan Approval Official's whose new loan delinquency rate exceeds their state's average new loan delinquency rate.

Attachment 6-A, to update the name of the new credit report type to TMCR; update new names of forms based on the TRID rule implementation; and, update property eligibility documents.

Attachment 6-B, is removed.

Attachment 6-C, to update existing guidance for loan underwriting reviews on first and second year delinquencies; and to update the name of the new credit report type. (NOTE: Attachment 6-C is renumbered to Attachment 6-B.)

Chapter 7:

Paragraph 7.2, to update language to reference the TRID requirements.

Paragraph 7.3 (A), to update language to reference the TRID requirements.

Paragraph 7.4, Exhibit 7-1, to update language to reference the TRID requirements.

Paragraph 7.5, to update language to reference the TRID requirements.

Attachment 7-B, to list just the current tax service fee.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550**Chapter 8:**

Paragraph 8.2 (B), to remove language requiring Loan Originator to set up an in-person meeting once loan is approved and to add language that loans can be approved subject to an appraisal throughout the fiscal year.

Paragraph 8.3 (A), to add language regarding re-disclosure requirements and timeframes for the Loan Estimate if the interest rate and/or closing costs at loan approval are different than the ones disclosed on the original Loan Estimate.

Paragraph 8.4 (B), to add language excepting subsequent loans made for minimum essential repairs to protect the Government's interest, from the requirement that a closing agent is required for all 502 and 504 loans of \$7,500 or greater.

Paragraph 8.5, to remove HUD-1 reference, and insert Closing Disclosure terminology; and to add language that homeowners' association/condo fees must be prorated between the seller and borrower to estimate the amount of cash needed for closing, using the Closing Disclosure.

Paragraph 8.6 (A) (1), to update language that prior to loan approval, the Loan Originator typically conducts applicant orientation; to remove language when face-to-face meeting cannot occur, the orientation can take place over the phone and sent to applicant for signature; and to remove language that orientation should take place as soon after loan approval as possible.

Paragraph 8.6 (A) (2), to combine language with 8.6 (A) (1).

Paragraph 8.6 (A) (3), will now be 8.6 (A) (2).

Paragraph 8.6 (B), to add 'and Other Closing Documents' to title; and to add language to reference TRID requirements.

Paragraph 8.6 (E), to update new names of forms based on the TRID rule implementation.

Paragraph 8.6 (F) (2), to update new names of forms based on the TRID rule implementation.

Attachment 8-A, to update new names of forms based on the TRID rule implementation.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 9:

Paragraph 9.5, to remove language that Loan Originator must visit site within 7 days of receiving a completed application; update language to encourage staff to use on-line resources to verify property details; add language instructing staff to order appraisal when document review is complete, and in regard to site approval and responsibility for environmental reviews.

Paragraph 9.7, to add language that other qualified inspectors, in lieu of Agency construction inspector, may visit the site to verify construction has begun.

Paragraph 9.8, to modify language so that the increased commitment price must remain at or below the lesser of the property's appraised value or the applicable area loan limit.

Paragraph 9.13 (A), to remove language which specified that each unit owner have title to a unit in a building.

Paragraph 9.13 (B), to add Department of Veterans Affairs (VA); update websites used to search for condos approved by other federal agencies; and add language regarding the addition of Attachment 9-C, Condominium Questionnaire.

Paragraph 9.13 (C), to add VA to the list of other federal agencies that if a condo project is considered ineligible it is not eligible for Agency financing.

Paragraph 9.14, to provide guidance that community land trust documents must be reviewed by the Office of General Counsel, and guidance on what documents to have reviewed; and to provide guidance on common issues which should be addressed in a ground lease.

Paragraph 9.14 (A), to clarify the definition of a community land trust.

Paragraph 9.14 (C), to provide additional guidance on resale restrictions by community land trusts.

Paragraph 9.14 (E), to provide additional guidance on the process appraisers must use to develop an opinion of value.

Paragraph 9.15 (A), to clarify that even if certain condos may have the physical appearance of a town home, but are owned as a condo, the condo requirements of Paragraph 9.13 apply.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 9:

Paragraph 9.17, to replace the requirement for certified financial statements with CPA prepared financial statements; to replace the commercial credit report and consumer credit report on each principal, with a Comprehensive Commercial Credit and Business Owner (CCCBO) Combo Report.

Paragraph 9.18 (A), to include reference to RD Instruction 1924-A, Exhibit J.

Paragraph 9.18 (B), to remove language requiring appraisers use Marshall and Swift cost data for average construction manufactured housing to determine the appraised value using the cost approach.

Paragraph 9.19, to include reference to RD Instruction 1924-A, Exhibit C.

Attachment 9-C, to provide guidance for approving a specific condominium unit when a project has not been approved by sources listed in Paragraph 9.13 B.

Chapter 10:

Paragraph 10.1, to remove reference to Paragraph 3.14(B).

Paragraph 10.3 (A), to remove an incorrect statement.

Paragraph 10.3 (F), to include the requirement that the Agency is responsible for compliance to the TRID rule for Agency loans.

Paragraph 10.9 (A), to remove credit checks to emphasize that the Agency must order a report through its loan origination system.

Paragraph 10.10, to update guidance based on the TRID rule implementation.

Attachment 10-A, to update guidance based on the TRID rule implementation.

Chapter 12:

Paragraph 12.1, to insert guidance that refers to Attachment 12-D, Checklist for Evaluation of Existing Dwelling (previously Attachment 5-A).

Paragraph 12.2 (A), to eliminate the loan restriction on appliances; and expound upon the installation of concrete and driveways.

Paragraph 12.3, to update referenced guidance.

Paragraph 12.8 (C), to update guidance based on the TRID rule implementation.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Chapter 12:

Attachment 12-C, to remove the pre-qualification section; update, where applicable, guidance based on the TRID rule implementation; and, make other minor revisions.

Attachment 12-D is added for evaluating an existing dwelling.

Chapter 16:

Paragraph 16.25, to update guidance based on the TRID rule implementation.

Paragraph 16.26, to update guidance based on the TRID rule implementation.

Glossary:

To update the 'Allowable Excess Cost' definition to include the homeownership education fee; and add a definition for the term 'Consummation'.

Acronyms:

To remove Aid to Families with Dependent Children (AFDC), Building Officials and Code Administrators (BOCA), Council of American Building Officials (CABO), International Congress of Building Officials (ICBO), The US Immigration and Naturalization Service (INS), Southern Building Code Congress International, Inc. (SBCCI); and, insert Consumer Financial Protection Bureau (CFPB), the alternative name of CSC (refer to Chapter 1 of PN), Tri-Merge Credit Report (TMCR), and Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Mortgage Disclosures (TRID).

Appendix 2:

To remove Form RD 1940-41, "Truth in Lending Statement," and the HUD-1, "Settlement Statement" replace HUD's Good Faith Estimate with the Loan Estimate; and, insert the Closing Disclosure due to the TRID rule implementation.

CERTIFICATIONS, to remove Grant Repayment Agreement as a certification.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

Appendix 3:

Handbook Letter (HBL) 1, to change the applicant response time to provide requested information related to application/loan processing from 30 days to 15 days). Handbook Letter 2, to rename the letter to 'Funds Not Available' and conform with revisions to Chapter 3.

Handbook Letter 3, to change the applicant response time to provide requested information related to application/loan processing from 30 days to 15 days.

Handbook Letter 11, to conform with changes to Chapter 3 and change the applicant response time to provide requested information related to application/loan processing to 15 days (reduced from 30 days).

Handbook Letter 15, to update the new credit report vendor information.

Handbook Letter 17, to remove the word "calendar" as it is redundant.

Handbook Letter 19, change the applicant response time to provide requested information related to application/loan processing to 15 days (reduced from 30 days).

Appendix 10:

To remove the title and instructions and reserve this appendix. The area loan limits are posted to the Agency website.

REMOVE

Table of Contents;
Chapter 1 dated 01-23-03:
Pages 1-1 through 1-4,
1-9 thru 1-12, 1-19 thru 1-21,
Attachment 1-B: Page 3 revised,
Attachment 1-D: Page 3 revised,
Attachment 1-G,
Attachment 1-H,
Chapter 2 dated 01-23-03:
Page 2-3 & 2-4, 2-5 & 2-6,
2-7 & 2-8;

INSERT

Table of Contents revised;
Chapter 1 dated 01-23-03:
Pages Page 1-1 through 1-4,
1-9 thru 1-12, 1-19 thru 1-21 revised,
Attachment 1-B: Page 3 revised,
Attachment 1-D: Page 3 revised,
Attachment 1-G, revised,
Attachment 1-H, revised;
Chapter 2 dated 01-23-03:
Page 2-3 & 2-4, 2-5 & 2-6,
2-7 & 2-8, revised;

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

REMOVE

Chapter 3 dated 01-23-03:

Pages 3-1 & 3-4,
3-7 thru 3-24,
Attachment 3-A,
Attachment 3-C,
Attachment 3-D,
Attachment 3-G,
Attachment 3-H,
Attachment 3-I,

Chapter 4 dated 01-23-03:

Pages 4-1 thru 4-68,
Attachment 4-A,
Attachment 4-B,
Attachment 4-C;

Chapter 5 dated 01-23-03:

Pages 5-1 thru 5-44,
Attachment A;

Chapter 6 dated 01-23-03:

Pages 6-1 & 6-2, 6-5 & 6-6,
6-9 thru 6-12, 6-15 & 6-16,
6-31,
Attachment A,
Attachment B,
Attachment C;

Chapter 7 dated 01-23-03:

Pages 7-1 thru 7-6,
7-9 & 7-10,
Attachment 7-B;

Chapter 8 dated 01-23-03:

Pages 8-1 & 8-2,
8-5 thru 8-18,
Attachment 8-A;

INSERT

Chapter 3 dated 01-23-03:

Pages 3-1 & 3-4,
3-7 thru 3-22 revised,
Attachment 3-A revised,
Attachment 3-C revised,
Attachment 3-D revised,
Attachment 3-G revised,
Attachment 3-H revised,
Attachment 3-I revised,
Attachment 3-J added;

Chapter 4 dated 01-23-03:

Pages 4-1 thru 4-75 revised,
Attachment 4-A revised,
Attachment 4-B revised,
Attachment 4-C revised;

Chapter 5 dated 01-23-03:

Page 5-1 thru 5-47 revised;

Chapter 6 dated 01-23-03:

Pages 6-1 & 6-2, 6-5 & 6-6,
6-9 thru 6-12, 6-15 & 6-16,
6-31 revised,
Attachment A revised,
Attachment B revised;

Chapter 7 dated 01-23-03:

Pages 7-1 thru 7-6,
7-9 & 7-10 revised,
Attachment 7-B, revised;

Chapter 8 dated 01-23-03:

Pages 8-1 & 8-2,
8-5 thru 8-18,
Attachment 8-A revised;

RD HANDBOOK CHANGES
INSERT RD HB-1-3550

REMOVE

Chapter 9 dated 01-23-03:
 Pages 9-1 thru 9- 20,
 Attachment 9-B;

Chapter 10 dated 01-23-03:
 Pages 10-1 thru 10-8,
 10-13 thru 10-15,
 Attachment 10-A;

Chapter 11 dated 01-23-03:
 Pages 11-1 & 11-2,
 Attachment 11-A;

Chapter 12 dated 01-23-03:
 Pages 12-1 thru 12-10,
 Attachment 12-C;

Chapter 16 dated 01-23-03:
 Pages 16-25 thru 16-27,
 Attachment 16-D;

Glossary dated 01-23-03:
 Pages 1 & 2;

Acronyms dated 01-23-03:
 Pages 1 thru 4;

Appendix 2 dated 01-23-03:
 Pages 1 thru 4;

Appendix 3 dated 01-23-03:
 HB Letter 1,
 HB Letter 2,
 HB Letter 3,
 HB Letter 11,
 HB Letter 15,
 HB Letter 17,
 HB Letter 19,

Appendix 10 dated 01-23-03
 Page 1

INSERT

Chapter 9 dated 01-23-03:
 Pages 9-1 thru 9-24 revised,
 Attachment 9-B, revised,
 Attachment 9-C added;

Chapter 10 dated 01-23-03:
 Pages 10-1 thru 10-8,
 10-13 thru 10-15 revised,
 Attachment 10-A revised

Chapter 11 dated 01-23-03:
 Pages 11-1 & 11-2 revised,
 Attachment 11-A revised;

Chapter 12 dated 01-23-03:
 Pages 12-1 thru 12-10,
 Attachment 12-C revised,
 Attachment 12-D added;

Chapter 16 dated 01-23-03:
 Pages 16-25 thru 16-27 revised,
 Attachment 16-D revised;

Glossary dated 01-23-03:
 Pages 1 & 2 revised;

Acronyms dated 01-23-03:
 Pages 1 thru 4 revised;

Appendix 2 dated 01-23-03:
 Pages 1 thru 4 revised;

Appendix 3 dated 01-23-03:
 HB Letter 1 revised,
 HB Letter 2 revised,
 HB Letter 3 revised,
 HB Letter 11 revised,
 HB Letter 15 revised,
 HB Letter 17 revised,
 HB Letter 19 revised 04-27-16;

Appendix 10 date 01-23-03:
 [RESERVED]

RD HANDBOOK CHANGES

INSERT RD *
(WSAL)

The following Handbook are partially revised due to the publication of the Final Rule entitled "Reserve Account" dated 06-17-15.

<u>HANDBOOK</u>	<u>REMOVE</u>	<u>INSERT</u>
HB-1-3560	Appendix 1 dated 01-23-03: Pages 127 & 128.	Appendix 1 dated 01-23-03: Pages 127 & 128 revised;
HB-2-3560	Appendix 1 dated 01-23-03: Pages 127 & 128.	Appendix 1 dated 01-23-03: Pages 127 & 128 revised;
HB-3-3560	Appendix 1 dated 01-23-03: Pages 127 & 128.	Appendix 1 dated 01-23-03: Pages 127 & 128 revised;

REPLACEMENT

FORM
RD 1924-12
(WSAL)

INSPECTION REPORT revised 00-00.
Prescribed in RD Instructions 1924-A and 1942-A. The Form and FMI are revised to clarify the need and use of the report.

The report has been a record of actions performed by the government (inspections) of properties financed by Rural Development to verify our investment was sound, and record that we are fulfilling our mission to provide decent housing. Recently, the Form has been interpreted as an action for the loan applicant and any errors in the report have been held against us. The revisions to this Form were made to emphasize the government intent and need for the document and make clearer that the actions by the government are strictly for the government. This Form and FMI are available on the Rural Development Instructions home page (<http://www.rd.usda.gov/publications/regulations-guidelines>). No paper copy distribution of this form will be made, and it will not be stocked in the warehouse.

REMOVE
FMI dated 02-16-00.

INSERT
FMI revised 04-27-16.

SPECIAL PROCEDURE NOTICES RELEASED:

SPECIAL PROCEDURE NOTICE dated 04-01-16. DISTRIBUTION: WSAL.
(Re: RD Instruction Changes 440.1, 1924-A, 1924-C, 1940-G, 1940-T, 1942-A, 1942-C, 1944-B, 1944-I, 1944-K, 1944-N, 1948-B, 1951-E, 1951-R, 1955-C, 1970-A, 1970-B, 1970-C, 1970-D, 1970-E, 1970-F, 1970-G, 1970-H, 1970-I, 1970-J, 1970-L, 1980-E, 3570-B, 3575-A, 4274-D, 4279-A, 4279-B, 4279-C, 4280-A, 4280-B, 4280-E, 4284-A, 4284-J, 4287-B, 4288-A, 4290-A and HB-1-3550, HB-1-3555, HB-1-3560, HB-2-3560, HB-3-3560, HB-1-3565

ADMINISTRATIVE NOTICES RELEASED:

(See AN Checklist)