

U.S. DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Washington, D.C 20250

MANUAL ISSUE No.
WSAL PN 527
DATE
August 29, 2019

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 September 1, 2019.

REMOVE
Exhibit B: Pages 1 & 2 (Rev 124).

INSERT
Exhibit B: Pages 1 & 2 (Rev 125).

INSERT RD INS *
(WSAL)

The following Instructions are partially
revised due to the Direct Final Rule
entitled "Eliminate the 6-Day Reservation

Period Requirement for Rural Development Obligations" which published September
18, 2014.

| <u>* RD INS</u> | <u>REMOVE</u> | <u>INSERT</u> |
|-----------------|------------------------|------------------------|
| 1942-A | Page 12A (Rev 1). | Page 12A (Rev 2). |
| 1944-K | Pages 19 & 20 (Rev 2). | Pages 19 & 20 (Rev 3). |
| 1948-B | Pages 31 & 32 (Rev 1) | Pages 31 & 32 (Rev 2). |
| 1980-E | Pages 39 & 40 (Rev 3). | Pages 39 & 40 (Rev 4). |

(CON.)

RD MANUAL CHANGES

**INSERT RD INS *
(WSAL)**

The following Instructions are partially revised due to the Final Rule entitled "Underlying Programs Cross-

References to the Strategic Economic and Community Development; Technical Amendments" which published March 1, 2016.

| <u>* RD INS</u> | <u>REMOVE</u> | <u>INSERT</u> |
|-----------------|--|---|
| 1942-A | Table of Contents: Pages 1 & 2; Pages 17A & 17B (Rev 4). | Table of Contents: Pages 1 & 2 (Rev 1) Pages 17A & 17B (Rev 5). |
| 1942-C | Table of Contents: Pages 1 & 2 (Rev 2); Pages 5 & 6 (Rev 2) and 6A. | Table of Contents: Pages 1 & 2 (Rev 3); Pages 5 & 6 (Rev 3) and 6A (Rev 1). |
| 3570-B | Table of Contents; Pages 17 & 18 (Rev 3) and 19 & 20. | Table of Contents revised; Pages 17 & 18 (Rev 4) and 19 & 20 (Rev 1). |
| 3575-A | Table of Contents: Pages 3 & 4; Pages 27 & 28. | Table of Contents: Pages 3 & 4 (Rev 1); Pages 27 & 28 (Rev 1). |
| 4279-B | Table of Contents: Pages 3 & 4; Pages 51 & 52 and 53 & 54 (Rev 1). | Table of Contents: Pages 3 & 4 (Rev 1); Pages 51 & 52 (Rev 1) and 53 & 54 (Rev 2). |
| 4280-E | Table of Contents; Pages 25 & 26. | Table of Contents revised; Pages 25 & 26 (Rev 1). |

(CON.)

RD HANDBOOK CHANGES
INSERT RD HB-1-3550
(WSAL)

DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS FIELD OFFICE HANDBOOK. This Handbook is partially revised. The specific revisions are outlined below:

In the following Handbooks, Appendix 4 is partially revised to include the August 1, 2019, interest rate for the Above-Moderate Single Family Housing non-program loans.

| <u>* Number</u> | <u>Title</u> |
|-----------------|--|
| HB-1-3550 | DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS FIELD OFFICE HANDBOOK. |
| HB-2-3550 | DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS CENTRALIZED SERVICING CENTER HANDBOOK. |

Chapter 12:

Revised to restructure the calculation of loan, grant and combination eligibility. Provide additional clarification to credit analysis, DNP, medical deductions, accessory dwelling units, appraisals and construction rehabilitation process.

Paragraph 12.4 A, added guidance regarding medical deduction and unreimbursed medical expenses.

Paragraph 12.4 B, added clarification an infile credit report is considered reliable with no minimum tradeline requirement. Also, added streamlined credit score is acceptable with the exception of delinquency of a federal debt. Added DNP includes loan and grant requests for assistance.

Paragraph 12.4.D, added the term income-based eligibility. Removed the three-tier total debt repayment system.

Paragraph 12.4 E.1, added Grant eligibility contingent upon meeting one of the three factors: 1) income-based, 2) lack of repayment ability, 3) exhausted all 504 potential.

Paragraph 12.4 E.2, removed three tier total debt calculation and replaced with 50/50 combination assistance for eligible applicants 62 years or older who's income exceeds 30% of AMI.

Paragraph 12.5 A, added the property must be deemed single family housing residential unit. The agency will not use program funds to improve a multi-family or accessory dwelling unit.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550 (Con.)
(WSAL)

Chapter 12:

Paragraph 12.5 B, added clarification if an adverse decision is based on inadequate value the Agency is required to have an appraisal completed.

Paragraph 12.7 A Added a reference for clarification on calculating total debt.

Paragraph 12.7 B, clarified grants cannot be awarded unless the maximum level of loan as supported by repayment calculation not to exceed 46% TD or is awarded in combination with loan.

Paragraph 12.8 A, added Form RD 3550-7 to be used when approving secured loans to include acceptance by the applicant related to TRID requirements. Handbook Letter 12(3550) is used for unsecured loans and grants.

Paragraph 12.11 C, clarified once funding is obligated the Agency is required to hold a pre-construction conference for all loans and grants.

Paragraph 12.11 D, clarified when contracts are used and/or applicant's signature on the bid/proposal is required.

Paragraph 12.12 B, clarified payment is issued after completion of work and acceptance by homeowner using form 1924-9, Certificate of Contractor's Release. Clarified multiple advance payments and calculation method.

Paragraph 12.12 B, clarified forms for unsecured loans and grants. Added required forms for secured loans.

Paragraph 12.12 C, added borrower method and forms required.

Paragraph 12.13, added Closeout process to include guidance on returning unused funding, litigation, disbursements and cancellation of funds.

Attachment 12-C revised throughout to include updated processing procedures.

Attachment 12-E revised to remove reference to obtaining a copy of a social security card.

Attachment 12-F revised to include guidance on settling disputes and contractor's responsibilities to adhere to plans and specifications and display proper permits/signage.

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RD HANDBOOK CHANGES

INSERT RD HB-1-3550 (Con.)

Appendix 3:

Handbook Letter 11 (3550) is revised to include National Appeals Division information should an applicant seek to dispute additional information needed to process their application.

Handbook Letter 12 (3550) is revised to include eligibility and conditions for unsecured repair loans and grants.

Handbook Letter 16 (3550) is revised to verify that self-help applicant eligibility is based on documents not more than 120 days old.

Handbook Letter 20 (3550) is revised to change the agency contact from Customer Service Center to National Financial Accounting and Operations Center (NFAOC).

REMOVE

Chapter 12 dated 01-23-03:
Pages 12-3 thru 12-15,
Attachment 12-C: Pages 3 thru 5,
Attachment 12-E.
Attachment 12-F;

Appendix 3 dated 01-23-03:
Handbook Letters 11, 12,16 and 20;
Appendix 4 dated 01-23-03:
Pages 3 & 4.

INSERT

Chapter 12 dated 01-23-03:
Pages 12-3 thru 12-17 revised,
Attachment 12-C: Pages 3 thru 5 revised,
Attachment 12-E revised, and
Attachment 12-F revised;

Appendix 3 dated 01-23-03:
Handbook Letters 11, 12,16 and
20 revised;
Appendix 4 dated 01-23-03:
Pages 3 & 4 revised 08-29-19.

RD HANDBOOK CHANGES

**INSERT RD HB-2-3550
(WSAL)**

**DIRECT SINGLE FAMILY HOUSING LOANS
AND GRANTS FIELD OFFICE HANDBOOK. This
Handbook is partially revised. The
specific revisions are outlined below.**

To reflect the name change of Customer Service Center (CSC) to National Financial and Accounting Operations Center (NFAOC) in all chapters of the handbook.

Chapter 1:

Clarification was added for Preliminary and Post hearing activities. The attachments were revised to include a decision letter for informal reviews.

Paragraph 1.9, to clarify the Adverse Decision paragraph.

Paragraphs 1.9 (B), (C) and (D), to rearrange topics and add responsibilities of State Director, ADR Coordinator and Agency Representative.

RD HANDBOOK CHANGES

INSERT RD HB-2-3550 (Con.)

Chapter 1:

Removed Exhibit 1-3, Example - Adverse Decision Which Cannot Be Appealed.

Paragraph 1.10 (A)(B) (C) to add the Agency must give the program participant notice of their right to an informal meeting within 10 days from the date of the adverse decision letter. Rearranged information as applicable to borrower.

Paragraph 1.11 to add that the participant is allowed to apply for appeal options within 30 days simultaneously.

Paragraph 1.11 (A), to clarify that informal review must be requested in writing by the decision maker or a representative of the Agency. Revised Attachment 1-A to be issued notifying the participant of the results of informal review.

Paragraph 1.11 (B), to clarify attachments and added the costs of mediation can be requested through the PLCE Survey.

Paragraph 1.12-.14 (A) (B) (C) (D) to add paragraphs on how to prepare for NAD appeal hearing and information regarding post procedure, timing and Director Review requests.

Attachments 1-A thru 1-G, made revisions in accordance with changes to the appeal process.

Chapter 3:

Attachment 3-A, Insurance Policy Requirements: to update the current Mortgagee Clause address.

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RD HANDBOOK CHANGES
INSERT RD HB-2-3550
(WSAL)

Acronyms, Appendix 3 - Handbook Letters, and Table of Contents:

References to Customer Service Center and CSC have been changed to National Financial and Accounting Operations Center and NFAOC respectively throughout; including changes to the TOC specifically related to the appeal process.

REMOVE

Table of Contents dated 05-27-98:
Pages 1 thru 6;
Chapter 1 dated 05-27-98:
Pages 1-1 thru 1-26,
Attachments 1-A, 1-B, 1-C, 1-D,
1-E, 1-F and 1-G;
Chapter 2 dated 05-27-98:
Pages 2-1 thru 2-44;
Chapter 3 dated 05-27-98:
Pages 3-1 thru 3-24,
Attachment 3-A;
Chapter 5 dated 05-27-98:
Pages 5-1 thru 5-16;
Chapter 6 dated 05-27-98:
Pages 6-1 thru 6-15;
Chapter 7 dated 05-27-98:
Pages 7-3 thru 7-27;
Appendix 3 dated 05-27-98:
Handbook Letters 101, 102, 103,
104, 105, 106, 107, 108, 109,
110, 111, 112, 113, 114 and 115;
Appendix 5 dated 05-27-98:
Pages 1 thru 4;
Acronym dated 05-27-98:
Pages 1 & 2;
Glossary dated 05-27-98:
Pages 7 thru 12;

INSERT

Table of Contents dated 05-27-98:
Pages 1 thru 6;
Chapter 1 dated 05-27-98:
Pages 1-1 thru 1-26,
Attachments 1-A, 1-B, 1-C, 1-D,
1-E, 1-F and 1-G revised;
Chapter 2 dated 05-27-98:
Pages 2-1 thru 2-44;
Chapter 3 dated 05-27-98:
Pages 3-1 thru 3-24 revised,
Attachment 3-A revised;
Chapter 5 dated 05-27-98:
Pages 5-1 thru 5-16 revised;
Chapter 6 dated 05-27-98:
Pages 6-1 thru 6-15 revised;
Chapter 7 dated 05-27-98:
Pages 7-3 thru 7-27 revised;
Appendix 3 dated 05-27-98:
Handbook Letters 101, 102, 103,
104, 105, 106, 107, 108, 109,
110, 111, 112, 113, 114 and 115 revised;
Appendix 5 dated 05-27-98:
Pages 1 thru 4 revised;
Acronym dated 05-27-98:
Pages 1 & 2 revised;
Glossary dated 05-27-98:
Pages 7 thru 12 revised 08-29-19.

FORM

REPLACEMENT

**RD 3550-21
(WSAL)**

PAYMENT SUBSIDY RENEWAL CERTIFICATION
revised 08-19. Prescribed in RD Handbook
HB-1-3550 AND hb-2-3550. The Form and FMI

are revised to reflect the name change from "Customer Service Center (CSC)" to "National Financial and Accounting Operations Center (NFAOC)" and to update the financial statement. This Form and FMI are available on the Rural Development Instructions home page (<https://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 03-15-06.

INSERT

FMI revised 08-29-19.

NO SPECIAL PROCEDURE NOTICE RELEASED.

NO ADMINISTRATIVE NOTICES RELEASED.

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