

UNNUMBERED LETTERS ISSUED FOR THE AUGUST OF 2015

Dated	Subject	Distribution
08-04-15	Force Placed Insurance	S/D
08-11-15	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D
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08-18-15	Rural Development Single Family Housing Direct Program	RD Employee
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August 4, 2015

TO: State Directors
Rural Development

ATTENTION: MFH Program Directors, Coordinators
and Rural Development Managers

FROM: Tony Hernandez
Administrator
Housing and Community Facilities Programs

SUBJECT: Force Placed Insurance

The purpose of this Unnumbered Letter (UL) is to provide guidance to field staff in requesting force placed insurance on Multi-Family Housing properties.

Borrowers are required to purchase and maintain property and liability insurance on all buildings included as security for the Agency loan, and any other insurance coverage required by the Agency, in accordance with 7 CFR 3560.105 until the loan is paid.

Should a borrower fail or refuse to pay premiums, or is unable to meet insurance requirements, the borrower will be notified, in writing, in accordance with 7 CFR 3560.354. The notification will describe the deficient finding(s) and will specify a time period by which corrective action must be taken by the borrower. The notification will offer borrowers an opportunity to discuss the reported deficiency and will explain enforcement actions the Agency may take if corrective action is not taken within the time period specified in the monitoring review notification.

Should a borrower fail to obtain, or is unable to meet insurance requirements, the Agency will take action to obtain (force placed) insurance, pay the insurance premium and charge the premium payment amount to the borrower's account. The borrower will be placed in default in accordance with §3560.452(c). Force placed insurance only protects the Government's interest in the *property* and will not pay for any equity or contents in the property. The amount of the lender-placed insurance coverage is determined by last known coverage amount or the unpaid principal balance.

EXPIRATION DATE:
August 31, 2016

FILING INSTRUCTIONS:
Housing Programs

Special Cases – Custodial (Abandoned) and REO Properties

Loan Servicers are responsible for ensuring that custodial and REO properties are appropriately managed and maintained. The goal of property management is to protect the tenants and the interests of the Government.

Insurance on custodial properties will be maintained per program requirements. Costs associated with managing abandoned property are the responsibility of the borrower and will be charged to the borrower's account until liquidation is completed. When taken into inventory, insurance will not be canceled when the property is acquired. However, should insurance expire while held in inventory, the Agency will pay additional premiums to continue coverage when it is in the best interests of the Federal Government.

NOTE: State officials are not to confuse a request of force placed insurance with a request for a protective advance.

To insure properties, the Centralized Servicing Center (CSC) administers a contract with Proctor Financial. In ensuring a line of communication with the CSC, Area Office staff responsible for servicing of the portfolio will submit their request for force placed insurance to the State Director, Attention: Housing Program Director or MFH Coordinator. State Officials will then contact the Escrow and Front End Management Branch at (314) 457-5890, or via e-mail to jason.esparza@stl.usda.gov. The Escrow and Front End Management Branch will then make a request of Proctor Financial, and the borrower's account will be billed within the next 45 to 60-day billing cycle.

Information needed for lender place insurance, along with a copy of the most recent (previous) insurance declaration page, include:

Borrower Name:

State and County Code:

Effective Date of Coverage:

Borrower Property Address:

Borrower I.D. and Project Number:

Coverage Amount:

As important as it is to notify CSC to force place insurance, it is equally important to ensure that CSC is notified when the insurance is to be cancelled. Once a Borrower provides evidence that insurance has been obtained and/or premiums paid, **OR** a property is liquidated (i.e., foreclosure sale), the State Official must immediately notify the Escrow and Front End Management Branch of CSC via e-mail to ensure the policy is cancelled and any unused premiums are refunded (as applicable) to the borrower's account. Cancellation requests must include, the effective date of the cancellation and reason for cancelling, and a copy of the current insurance policy in place.

If you have any questions, please contact Laura L. Horn, Finance Loan Analyst, at (386) 328-5051, extension 110.

August 11, 2015

TO: State Directors

ATTN: Area Directors
Area Specialist
Rural Housing Program Directors

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

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

The following interest rates, effective September 1, 2015, are reported as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgment Rate	0.290%	0.330%

The new rate shown above is as of the week ending July 24, 2015. 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	3.250%	3.250%
Single Family Housing (SFH) Nonprogram	3.750%	3.750%
Rural Housing Site (RH-524), Non-Self-Help	3.250%	3.250%
Rural Rental Housing and Rural Cooperative Housing	3.250%	3.250%

EXPIRATION DATE:
September 30, 2015

FILING INSTRUCTIONS:
Administrative/Other Programs

* (http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y1.txt).

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

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Sent by Electronic Mail on 08-17-15, at 1:00 pm by Credit Reform Staff.
State Directors should advise other personnel as appropriate.

Please notify appropriate personnel of these rates.

August 13, 2015

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Loan Coordinators,
Area Directors and Area Specialists

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

SUBJECT: Single Family Housing Guaranteed Loan Program
Conditional Commitments Issued During the Beginning of Fiscal Year
2016

PURPOSE/INTENDED OUTCOME:

During the beginning of each Fiscal Year (FY), there is a brief period of time, typically not more than two weeks, during which commitment authority is unavailable. Commitment authority for the Single Family Housing Guaranteed Loan Program is anticipated to be available in early October 2015. During this timeframe, you may issue Conditional Commitments subject to the availability of funds. An upfront guarantee fee of 2.75 percent accompanied by an annual fee of 0.5 percent will apply to both purchase and refinance transactions obligated in FY 2016.

EXPIRATION DATE:
September 30, 2017

FILING INSTRUCTIONS:
Housing Programs

PROCEDURE:

Conditional Commitments issued after September 30, 2015, prior to receipt of commitment authority, must contain the following language as a condition of loan guarantee:

"Funds are not presently available for this Conditional Commitment. The Rural Housing Service's obligation under this Conditional Commitment is contingent upon the availability of an appropriation from which payment for contract purposes can be made. No legal liability on the part of the Rural Housing Service for any payment on this Conditional Commitment may arise until funds are made available to the Rural Housing Service State Office where the application was submitted for this Conditional Commitment and until the Lender receives notice of such availability, to be confirmed in writing by that Rural Housing Service State Office. More specifically, this Conditional Commitment is subject to the Rural Housing Service receiving sufficient funds (in the Program Financial Control System for the Single Family Housing Guaranteed Loan program for the Type of Assistance and State of application submission) to fund this and all prior eligible outstanding applications in their entirety in the time and date order received in the State of application submission. When such funds become available, Rural Development will notify the lender, and the guarantee process will continue subject to all applicable Agency regulations and conditions set forth in this Conditional Commitment. Rural Development will not reserve loan funds for applications in process during this timeframe. Lenders may close the loan as scheduled. The lender will assume all risk of loss for the loan until Rural Development obligates funds and the Loan Note Guarantee is subsequently issued. When the lender requests the Loan Note Guarantee, the lender must certify to the Agency, using the process provided in this commitment, that there have been no adverse changes to the borrower's financial condition since the date the Conditional Commitment was issued by the Agency. The lender will submit the appropriate guarantee fee at the time they request the Loan Note Guarantee. The loan will be subject to an annual fee of 0.5 percent over the average scheduled unpaid principal balance of the loan. The Agency will not be able to issue the Loan Note Guarantee until these conditions are met and funding is obligated."

STATE OFFICE TRACKING:

The State Office is responsible for tracking Conditional Commitments issued subject to the availability of funds. It is important to keep track of each request to expedite the obligation of funds when available. A tracking spreadsheet has been developed for this purpose and is located on the Agency's internal Share Point site at:

https://ems-team.usda.gov/sites/RD_HCFP/sfh/Single%20Family%20Housing%20Information/Forms/Alpha%20Order.aspx?RootFolder=%2Fsites%2FRD%5FHCFP%2Fsfh%2FSingle%20Family%20Housing%20Information%2FGuar%5FProg%5FInfo%2FFunding&FolderCTID=0x01200050DB111EE42F5742B26DC24E3D020799&View=%7B853A1D3A%2D3D78%2D4CA7%2DAB1E%2DD3C5A054C7EF%7D

Your support of the SFHGLP is appreciated. For questions regarding this notice, please contact the Single Family Housing Guaranteed Loan Division at (202) 720-1452.




United States Department of Agriculture
Rural Development
Committed to the Future of Rural Communities

AUG 18 2015

TO: All Rural Development Employees

ATTN: Rural Development State Directors
Rural Development Administrators

FROM: Lisa Mensah 
Under Secretary

SUBJECT: Rural Development Single Family Housing Direct Program

With the end of fiscal year 2015 at hand, I know the entire Rural Development family is aware of the importance of obligating all of our Congressionally appropriated funds. Our programs are of vital importance to the rural people and communities we serve.

On April 9, 2015, I wrote to our State Directors about the importance of having a successful fiscal year with the Single Family Housing 502 Direct Program, given that we had not achieved our program obligation goals in the past years. Looking at the current funding report, it is evident that many of you have put in place strategies needed to reach the goal of obligating 100 percent of your state's funds. We must, however, make this goal a reality at the national level and doing so will require even more effort as we close out this fiscal year. Accordingly, I have discussed this effort with Secretary Vilsack who has asked me for regular updates.

Therefore, I am directing an "all hands" effort to obligate dollars for our Single Family Housing Direct Programs.

At this time, our first priority must be to process and obligate the applications in our pipeline. As of today, we have obligated 69.4% of Section 502 Direct funds. Regardless of your state's current percent of formula allocation obligated, I ask that you help raise these national obligation levels. I have approved overtime funds as requested by the State Offices for staff working on Section 502 Direct loans.

EXPIRATION DATE:
September 30, 2015

FILING INSTRUCTIONS:
Housing Programs

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at program.intake@usda.gov.

I further ask that you take advantage of the following temporary authorizations, which are available through September 30, 2015:

- Obligation of a loan subject to an appraisal.
- Use of new loan proceeds in lieu of processing new rates and terms assumptions.
- Relaxation of certain refinancing provisions outlined in Handbook-1-3550, "Direct Single Family Housing Loans and Grants – Field Office Handbook." (Previous Guidance Issued)
- Obligation of a new construction loan subject to Form RD 1924-25, "Plan Certification."
- As a reminder, the results of pre-qualification reviews are not binding and should not hinder the submission of an application; therefore, a pre-qualification is not required when an applicant submits Form RD 410-4, "Uniform Residential Loan Application" which triggers disclosure and official Agency action requirements.

I also request that you:

- Reach out to your partners (packagers, realtors, housing nonprofits, etc.) and get them to join in the "all hands" effort.
- Ensure that your staff focuses their attention on decision-ready applications (i.e. applications where the information needed to determine the applicant's eligibility has been provided and a purchase agreement and/or construction contract has been signed). If decision-ready applications are not on hand, the focus should be on getting applications to this point.

I understand that there are challenges, but these programs are too important to low and very-low income homebuyers in rural America to let any program funds go unused. I know you feel the same, and I appreciate your support in this critical effort.

Sent by Electronic Mail on August 18, 2015, at 5:15pm by the Under Secretary's Office. No further distribution of this communication will be required.

August 26, 2015

TO: State Directors
Rural Development

ATTENTION: Program Directors and Coordinators
Multi-Family Housing

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

SUBJECT: Selection of Fiscal Year 2015 Notice of Solicitation Applications (NOSA)
Section 514, 516 Farm Labor Housing Pre-Applications for New
Construction and Rehabilitation of Existing Non-Farm Labor Housing
Property

Attached is the list of Fiscal Year (FY) 2015 Farm Labor Housing New Construction and Rehabilitation of Existing Non-Farm Labor Housing Property pre-application responses selected for further processing. Selections were made from pre-application responses submitted to your State Offices.

You may notify the applicants selected for further processing. However, please contact the Multi-Family Housing Preservation and Direct Loan Division if you wish to make a public announcement of the selection prior to its funds obligation. If any selected loan requests are withdrawn or rejected subsequent to this selection, please notify the National Office immediately so those funds can be reallocated. Please notify every NOSA respondent of the results of their loan/grant request in accordance with 7 CFR 3560.56 (h) and Chapter 4.14 of HB-1-3560.

Section 514 loan funds and Section 516 grant funds were distributed to the States in rank order and within funding limitations, in accordance with the FY 2015 Notice of Funding Availability and 7 CFR 3560.56. Before requesting funds for obligation, all loan/grant approval conditions must be met. Requests for obligation may be faxed to Mirna Reyes-Bible, (202) 720-0302, using

EXPIRATION DATE:
August 31, 2016

FILING INSTRUCTIONS:
Housing Programs

RD Form 1940-1 “*Request for Obligation of Funds*”, no later than September 24, 2015. By signing a request of funds for obligation, the State Director certifies the request is for the minimum amount of assistance necessary to ensure the project’s feasibility.

If you have any questions, please contact Mirna Reyes-Bible, Senior Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division (202) 720-1753.

Attachment

2015 NOSA SELECTIONS														
ST	SCORE	RANK	APPLICANT NAME	TOTAL DEVELOPMENT COST	LOAN REQUEST	GRANT REQUEST	TOTAL LOAN AND GRANT REQUEST	LEVERAGED FUNDS	% OF LEV.	TOTAL UNITS	RA REQUEST	CD	FAITH BASE	PERSISTENT POVERTY AREAS
CA	172	6	Vista Montana	\$19,217,516	\$3,000,000	\$0	\$3,000,000	\$19,278,391	100%	81	80	51	N	N
CA	172	7	Coachella Valley Housing	\$25,688,556	\$3,000,000	\$0	\$3,000,000	\$23,292,463	91%	80	79	51	N	N
CA	172	8	H/A City of Buenaventura	\$10,109,699	\$3,000,000	\$0	\$3,000,000	\$8,289,690	82%	24	23	26	N	N
CA	147	10	H/A CO Castroville	\$20,663,137	\$3,000,000	\$0	\$3,000,000	\$20,148,110	98%	54	52	17	N	N
CA	130	12	Ortiz Plaza	\$9,537,150	\$2,000,000	\$0	\$2,000,000	\$8,536,384	90%	30	0	2	N	N
VA	85	17	Virginia Housing Alliance	\$4,155,423	\$1,350,000	\$1,550,000	\$2,900,000	\$1,255,423	30%	24	24	2	N	N
KS	60	19	Old town of Liberal	\$540,348	\$0	\$435,000	\$435,000	\$120,000	22%	4	4	1	N	N
				\$89,911,829	\$15,350,000	\$1,985,000	\$17,335,000	\$80,920,461		297	262			

No State may receive more than 30 percent of available FLH funding available in FY 2015.
If there are insufficient applications from around the country to exhaust Sections 514 and 516 funds available, the Agency may then exceed the 30 percent cap per State.