

PROCEDURE NOTICE

RD HANDBOOK CHANGES

INSERT RD HB -1-3550
(WSAL)

DIRECT SINGLE FAMILY HOUSING LOANS AND
GRANTS - FIELD OFFICE HANDBOOK.

The advantages of these changes include ensuring consistency between the 502 and 504 program documents, streamlining operational processes, and providing better direction to the field.

This Handbook has been revised. The specific revisions are outlined below.

Chapter 12:

- Updates throughout related to the 21st Century ROAD to Housing Act including:
 - Security and TRID requirement increasing from \$7,500 to \$15,000 (TMCR requirement will align with the new security requirement); and
 - 504 Loan funding available to both low and very low-income applicants.
- General rewording edits made in various locations throughout.
- Paragraph 12.5 (B), Added that Attachment 3-H must be provided to all 504 loan or combination loan and grant applicants, and changed references to loans of \$7,500 or greater and less than \$7,500 to instead reference secured/unsecured loans.
- Paragraph 12.9 (B), Updated language to specify that mortgage security is only required if the total 504 loan indebtedness is \$7,500 or more at the time of loan closing.
- Paragraph 12.9 (C), Updated language to clarify that no loan or grant funds may be released prior to closing.
- Paragraph 12.12 (D), Clarified that Form RD, 1924-1, Development Plan is used either when there are multiple contracts or estimates or when utilizing the Borrower Method.
- Paragraph 12.13 (C), Revised to clarify that photos of completed work should be provided in addition to other evidence of completed work.
- Attachment 12-A, Added instructions that applicants for which credit reports are ordered will be provided with Attachment 3-H.
- Attachment 12-B, Added Insurance Requirements topic.
- Attachment 12-C 504 Single Family Housing Loan and Grant checklist updates:
 - Added line and instructions to send Attachment 3-H to all 504 loan applicants.
 - Added the word 'valid' before the word 'Identification' and removed "(grants only)";

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READ PROCEDURE - DISCUSS IN STAFF CONFERENCE - KEEP PROCEDURE MANUAL UP TO DATE

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Chapter 12:

- Removed phrase, "and on Form 410-4" from the end of "Enter application complete date in stage updating in UniFi";
- Updated to Document item 19 of RD 410-4 as "N/A", as a TMCR fee is not collected from 504 applicants when it is necessary to order a TMCR;
- Corrected link to address verification page;
- Consolidated "Contracts \$10,000 or Less" and "Contracts Greater than \$10,000" into one "Construction" section;
- Added Form RD 1924-25, Plan Certification (when substantial rehabilitation);
- Lines were added for Do Not Pay checks prior to disbursements.
- Added additional Borrower Method final payment documentation to Form RD 1924-11, Statement of Labor Performed;
- Added "(must be signed prior to release of funds)" to Form RD 1924-9, Certificate of Contractor's Release;
- Clarified that the Hazard Insurance Binder & Receipt for 1st year premium is only required when the total outstanding indebtedness is more than \$15,000;
- Clarified that Form RD 3550-9, Initial Escrow Account Disclosure Statement is only applicable to some loans, and only when the total outstanding indebtedness is greater than \$15,000;
- Added instructions to include packager-submitted invoice for packaging fee, when applicable, with Form RD 3550-25, Loan Closing Instructions and Loan Closing Statement;
- Clarified that Form RD 1927-8, Agreement with Prior Lienholder is only required for secured loans involving funds received as part of a leveraging strategy;
- Updated Form RD 3550-29, Document Errors and Omissions Agreement to include "(loans only)";
- Added to the Closing section:
 - Attachment 5-C, when applicable
 - Lease Approval (Tribal Trust & Other Lease Agreements)
 - Obtain copies of all other funding sources when received as part of a leveraging strategy
- Updated guidance references throughout, providing additional clarity and consistency with Attachment 3-G where possible; and
- Attachment 12-E, **removed** "the specified timeframe" before the phrase "15 days (30 days for estimates)", and added the word "valid" before the phrase "government-issued picture Identification".

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Appendix 10:

The bullet in Section I allowing for an increased maximum of \$15,000 to the Section 504 grant limit for damage caused by natural disasters in Presidentially Declared Disaster areas was removed from the appendix to allow for increased utilization of Section 504 grant funds by a larger number of eligible rural households. The limit for these applications will align with the current non-disaster Section 504 lifetime maximum grant limit of \$10,000.

REMOVE

Dated 07-13-26.

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[Revised 08-28-26.](#)

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