



Rural Development

Joaquin Altoro
Administrator

Rural Housing Service
1400 Independence Ave, SW
Room 5011-S
Washington, D.C. 20250

Telephone: (202) 720-1494

TO: State Directors
Rural Development

ATTN: All Single Family Housing Direct
State and Field Employees

FROM: Joaquin Altoro
Administrator
Rural Housing Service

SUBJECT: Temporary Authorization
SFH Direct - Approval Authority Guidelines

PURPOSE:

This memorandum announces a temporary authorization for the State Director to grant conditional approval authority related to the SFH Direct Programs' Approval Authority Guidelines in Handbook-1-3550, Appendix 11.

This temporary authorization is effective as of the date of this memorandum; and will remain in effect until this memorandum's stated expiration date or until revoked via a separate memorandum (whichever occurs first).

BACKGROUND:

Increased regular and special funding and programs, such as the American Rescue Plan Act (ARPA), Housing Preservation Grants (HPG), disaster assistance, etc. in Fiscal Years (FY) 2021, 2022, and 2023 have increased application backlogs in some states. Among other actions to address the backlog, the Agency deployed a Surge Support Team in FY 22 to focus on reducing the number of applications awaiting an eligibility review; issued temporary authorities to provide additional flexibility in processing; and implemented a number of HB-1-3550 changes to streamline processes.

EXPIRATION DATE:
February 28, 2024

FILING INSTRUCTIONS:
Housing Programs

Due to the limited number of Loan Approval Officials in some states, lack of certain housing types (e.g., new construction, purchase new) needed for completing the required number of file reviews, and/or time constraints of supervisors and those responsible for completing file reviews, the Agency has determined that the current requirements are prohibitive to the Government's interest in reducing the application backlog, and flexibilities must be provided at this time.

IMPLEMENTATION RESPONSIBILITIES:

When the SFH Specialist has completed all of the Direct University Learning Modules & Quizzes and taken the Final Assessment as identified in HB-1-3550, Appendix 11, the State Director may grant conditional approval authority as follows:

- Upon submittal of three closed 502 files of any type (e.g., existing, existing with repairs, new construction, purchase new), conditional loan approval authority for Section 502 may be granted subject to the remaining file reviews to be completed when the next applicable file type (as required in Appendix 11) is available for each of them.

For example, if a Specialist submits three closed files that are a combination of purchase existing (no repairs) and purchase existing with repairs, conditional authority may be granted to approve purchase existing (with or without repairs), with the condition that the next new construction available be submitted for review before being permitted to approve new constructions.

- Upon submittal of two closed 504 files of any type (e.g., grant-only, loan-only, combo), conditional approval authority for Section 504 loans and grants may be granted subject to the remaining file reviews to be completed when the next applicable file type (as required in Appendix 11) is available for each of them.
- The SFH Specialist will still be required to seek supervisor approval before a decision can be officially rendered on the loan and/or grant, they do not have the authority to sign themselves.
- Allow State Directors the discretion to substitute a new construction loan, with an existing home with repairs if a construction contract is needed. This may only be granted if there is a lack of new construction in the State.
- Allow State Directors the discretion to waive the field review requirement in Appendix 11, Item IV. if the State Director has otherwise determined that the SFH Specialist is proficient in inspections and site approval.
- Allow State Directors the discretion to relax the three-month cap for two separate file submissions to lessen the burden on staff reviewing files.
- The Further Delegation of Authority letter in Appendix 11 may be modified as necessary to reflect the conditional loan approval authority being granted based on the specific file types completed by the SFH Specialist. The State Office will monitor the progress of the

SFH Specialist with regards to the remaining file reviews to be completed. A fully executed Further Delegation of Authority letter must be re-issued once the SFH Specialist has completed all the requirements in Appendix 11.

Unless specified above, the requirements in Appendix 11 must be followed when granting approval authority. For questions regarding this memorandum, please contact the SFH Direct Loan Division at sfhdirectprogram@usda.gov.