

American Rescue Plan (ARP) Act of 2021

The American Rescue Plan (ARP) Act of 2021 provides additional funds for USDA Rural Development's Single Family Housing Direct Loan program. The ARP period begins May 17, 2021, with extra funding available through September 30, 2023.

The ARP's primary focus is to help existing Single Family Housing Direct borrowers who have been approved for COVID-19-related payment moratoriums (a period during which their monthly loan repayments were stopped) refinance their mortgages. The goal is to help ensure USDA borrowers' payments stay affordable once the moratorium period ends.

Who is eligible?

Beginning May 17, Rural Development will accept applications from existing Single Family Housing Direct loan borrowers – including customers with home repair loans – to refinance loans which have been in an approved COVID-19 moratorium.

For Single Family Housing Direct loan borrowers, the adjusted household income must be at or below moderate-income limits for the area. For Home Repair loan borrowers, the adjusted household income must be at or below the very-low income limit for the area.

Income limits can be viewed here:

<https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf>

With the exception of delinquent federal debt, Single Family Housing Direct loan borrowers applying for refinancing will not be subject to credit analysis, standard repayment ratio requirements, asset limits, or customary program standards related to the condition of the property.

What terms are available?

For Single Family Housing Direct borrowers, a 10-, 25-, 30-, or 33-year term may be used. In limited circumstances, a 38-year term may be offered.

For Home Repair borrowers, a 20-year term is available.

What are the possible benefits to refinancing?

A lower interest rate and term extension can help reduce the loan payment, making it more affordable.

Is there any cost to the borrower?

Closing costs (fees associated with the real estate transaction) can be included in the loan. The escrow account from the original account will be transferred to the ARP refinance loan. If an escrow account needs to be established, you will be responsible for the cost of getting a hazard insurance policy, which can be included in the loan.

What can be included in the refinance?

- Debt to USDA Rural Development. Under certain conditions, this includes Single Family Housing subsidy recapture. Additional information about subsidy recapture is available here: https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SubsidyRecaptureDirectLoans.pdf
- In limited circumstances, liens not associated with debt to the Single Family Housing Direct loan program
- Repairs to correct major health and safety concerns in the home
- Closing costs
- A Rural Development-authorized loan packaging fee

What do I need to do next?

- Existing Single Family Housing Direct loan borrowers should visit <https://pubmai.sc.egov.usda.gov> to download an application package. You also can contact your local office to request an application or get more information. State office locations can be found at: <https://rd.usda.gov/about-rd/state-offices>.
- If you have questions about your existing loan – including its re-amortization or subsidy recapture – contact the Customer Service Center (CSC) at 1-800-414-1226.

Where can I find more information?

- To view the internal Rural Development implementation guidance associated with this program, visit: <https://www.rd.usda.gov/resources/directives/unnumbered-letters> and select “Housing Programs” from the menu.
- You can find additional forms, resources, and program information at <https://www.rd.usda.gov/programs-services/all-programs/single-family-housing-programs>.
- Your local Rural Housing Program staff is always a great resource. Our state-based office locations can be found here: <https://rd.usda.gov/about-rd/state-offices>

As the leading federal agency for rural development prosperity, we work to help rural communities grow and prosper.

For additional resources and information about our business, community or housing programs, contact our program specialists at 1-800-670-6553 or visit us online at www.rd.usda.gov.

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