

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 December 1, 2019.

REMOVE

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

INSERT

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

INSERT RD INS 1944-I
(WSAL)

SELF-HELP TECHNICAL ASSISTANCE GRANTS.
This Instruction is partially revised as
follows:

Conforming changes were made throughout in order to bring the instruction in line
with the 7 CFR 1944 Subpart I which was originally updated after the release of 2
CFR 200 which combined and eliminated all old federal grant accounting
regulations. These changes were made to the following:

Add the reference "7 CFR Part 11" for appeals preceding each reference to
"Subpart B of Part 1900 for National appeals throughout.

§ 1944.403(f), the words project and homes were added to be inclusive of Self-
Help Rehab type programs and not just new construction;

§ 1944.403(g), revised to reflect that the Equivalent value of a modest home is
often referred to as the Cost of Contractor-Built home and encourage States with
self-help to release these figures as an annual policy;

§ 1944.403(h), to reference the new Exhibit P for indirect costs rate
negotiation;

§ 1944.403(l), 'rehabilitation type construction' was clarified to include both
acquisition and owner-occupied type rehab;

(CON.)

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(WSAL)

§ 1944.403(n) (8), added that 504 loans/grant may be included in providing financial supervision to individual families;

§ 1944.404(c) (4), to add a minimum number of board numbers for smaller organizations;

§ 1944.405(e), authorized use of grant funds;

§ 1944.405 (e) (1) thru (e) (3), added to set a standard for organizations charging a tool fee to participating builders;

§ 1944.405(f), to add the authorized use of grant funds and added to define the minimum amount of liability insurance required;

§ 1944.407, to add reference to Exhibit H for sample Technical Assistance fee calculations;

§ 1944.407(d), to add standard for cost savings be equal to or greater than the Technical Assistance cost for Rehab type projects;

§ 1944.407(e), added to note that other Technical fee limitation may apply and would be released on annual basis;

§ 1944.410(a) (3), to add the requirement to include the organization last annual audit in their application docket;

§ 1944.410(e), to add reference to the new Exhibits G and I for application checklist;

§ 1944.410(e) (11), added to reference other applicable items needed in the application docket that are outlined on the checklists, Exhibits G and I;

§ 1944.411, to add reference to the new Exhibit J for the sample letter of conditions;

§ 1944.411(g) (1) thru (4), added to include 2 CFR 200 language regarding the requirement to hold Federal grant funds in an interest-bearing checking account.

§ 1944.417(a) (1), to add additional instruction for approving draw request;

§ 1944.411(i), added to clearly state that all organizations must be cleared through the Do Not Pay portal or equivalent system that checks for Federal Debarment, etc;

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(WSAL)

§ 1944.415(a)(1), added to better outline the process once a grant has been approved;

§ 1944.415(a)(2), added to state the Office of External Affairs process must be completed prior to public announcement of a grant award;

§ 1944.417(b), to add that quarterly meetings can be achieved virtually and should include 502/504 processing staff;

§ 1944.417(b)(1), added the automated processing for Exhibit B is permissible;

§ 1944.417(b)(2), information on what constitutes a performance issue in addition to referencing Exhibit M for a sample High Risk letter was included;

§ 1944.417(b)(2)(i) revised to reference the new Exhibit N for sample High Risk Removal Letter;

§ 1944.417(b)(2)(iii), add language that state that grant termination should only be done with concurrence from the National Office;

§ 1944.419, sentence added stating failure to obtain an acceptable grant rating could jeopardize future awards;

§ 1944.419(a)(3), add reference to the new Exhibit K-2;

§ 1944.419(b), add reference to the new Exhibit O;

§ 1944.419(c), added direction to copy National Office on all grantee final evaluations;

§ 1944.420 (e), added additional instructions for extension request;

§ 1944.422, to add Additional direction for audit of custodial accounts held by grantee organizations;

§ 1944.423(a), to add requirements for rehab dockets and when other funding sources are used;

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(WSAL)**

§ 1944.424(a) thru (e), to add requirements for rehab type projects;

§ 1944.425(a) thru (d), to add additional requirements for approving grantees to manage borrower loan funds; and

Exhibits G through p has been added.

REMOVE

Table of Contents;
Pages 1 & 2 (Rev 2), 3 & 4,
5 & 6, 7 & 8 (Rev 4),
9 & 10 (Rev 1), 11 & 12 (Rev 1),
13 & 14 (Rev 1), 15 & 16,
17 & 18 (Rev 1), 19 & 20,
21 & 22 (Rev 1), 23 & 24 (Rev 2),
25 & 26 and 27.

INSERT

Table of Contents revised;
Pages 1 & 2 (Rev 3), 2A added,
3 & 4 (Rev 1), 5 & 6 (Rev 1), 6A added,
7 & 8 (Rev 5), 8A added, 9 & 10 (Rev 2),
11 & 12 (Rev 2), 13 & 14 (Rev 2),
14A added, 15 & 16 (Rev 1), 16A added,
17 & 18 (Rev 2), 18A added,
19 & 20 (Rev 1), 20A added,
21 & 22 (Rev 2), 22A added,
23 & 24 (Rev 3), 24A thru 24C added,
25 & 26 (Rev 1) and 27 (Rev 1); and
Exhibits G thru P added 12-12-19.

**INSERT RD INS 2030-A
(WSAL)**

**CORRESPONDENCE AND MAIL MANAGEMENT PROGRAMS
- RURAL DEVELOPMENT FIELD OFFICES.** This
Instruction is partially revised as
follows:

To remove Guide Letters and Form Letters reference since they are already covered in RD Instruction 2006-A and 2006-D.

Reinforce that "Official Mail" for personal use is strictly prohibited; and

Premeter envelopes may be utilized.

REMOVE

Table of Contents: Pages 1 & 2;
Pages 3 & 4, 11 & 12 and 21 & 22.

INSERT

Table of Contents: Pages 1 & 2 (Rev 1);
Pages 3 & 4 (Rev 1), 11 & 12 (Rev 1) and
21 & 22 (Rev 1).

**INSERT RD INS 2033-A
(WSAL)**

MANAGEMENT OF RURAL DEVELOPMENT RECORDS.
Table of Contents has been revised to add
Exhibit U which was released on PN 530
dated 11-08-19.

REMOVE

Table of Contents.

INSERT

Table of Contents revised 12-12-19.

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

**DIRECT SINGLE FAMILY HOUSING LOANS
AND GRANTS FIELD OFFICE HANDBOOK.** This Handbook is partially revised. Specific revisions include:

Chapter 3:

Paragraph 3.1, to state that pre-qualifications are largely through the Single-Family Housing Direct Eligibility Assessment tool.

Paragraph 3.2, to state that the standard pre-qualification method is the potential applicant's self-assessment using the Single-Family Housing Direct Eligibility Assessment tool and that pre-qualifications completed by the Agency staff are limited.

Paragraph 3.3, to clarify the procedures used by the Agency staff when completing pre-qualifications in limited situations.

Paragraph 3.6(B), to remove the language pertaining to information gathered by the Agency and entered in UniFi during a pre-qualification since that process will be limited.

Paragraph 3.7, to add guidance on transferring an application to a different servicing area.

Paragraph 3.13(B) (3), to revise the example to remove the "no minimum square footage requirement" language in light of the minimum square footage consideration added to Paragraph 5.6 (C) via the [SPECIAL PN dated July 22, 2019](#).

Paragraph 3.13(B) (5), to add the Fifth Priority: Applicants Who Do Not Qualify for the Above Priorities.

Attachment 3-A, to make changes throughout the attachment. Changes include but are not limited to: Add an introduction that includes an explanation of the packaging types; clarify that Section 523 grantees may package Section 502 or Section 504 non-self-help loan applications; state that all packagers are expected to comply with the general packaging processing guidance regardless of their packaging type; state that packagers should only gather documents needed for the specific application and provide examples; add an introduction to the required disclosure letter; title the application submittal cover letter as packaging phase 1 and provide an introduction to the cover letter; clarify actions before and after submission to the Agency; title the property submittal as packaging phase 2 and add a corresponding cover letter; add guidance that individuals interested in becoming a certified packager should become familiar with the SFH Direct Loan Application Packagers resource page; add guidance to encourage parties to view the identified training webinars prior to applying to be an intermediary; add instructions to the cover sheet for submittal of an intermediary application; clarify what requirements a State Housing Finance Agency are exempt from; and add the requirement that a party applying to be an intermediary sign the standard Memorandum of Understanding.

RD HANDBOOK CHANGES**INSERT RD HB-1-3550 (Con.)****(WSAL)****Chapter 3:**

Attachment 3-D, to make changes throughout the attachment. Changes include but are not limited to: Provide ways on how to submit an application package (including eForms and by email); add "CAN I ASSESS MY ELIGIBILITY PRIOR TO APPLYING"; remove "HOW CAN I FIND OUT IF I'M ELIGIBLE FOR A LOAN" and "WILL I KNOW RIGHT AWAY IF I QUALIFY FOR A LOAN"; add language regarding funding priorities and veteran's preference; and revise "WHAT ABOUT THE SIZE AND FEATURES OF THE HOME AND SITE" to correspond with recent changes made to Chapter 5.

Attachment 3-G, to remove the pre-qualification section since the standard pre-qualification method is the potential applicant's self-assessment using the Single Family Housing Direct Eligibility Assessment tool, to revise the line item related to that tax transcripts, and to add the first payment coupon.

Attachment 3-H, to revise the address for Equifax Mortgage Solutions. Conforming changes to Chapter 1 and Handbook Letter 15 will be forthcoming.

Attachment 3-J, to make changes throughout the attachment. Changes include but are not limited to: Revise the introduction; rearrange the items; add "This checklist with the applicable and included items checked"; add Form RD 410-4; remove IRS Form 4506-T, Request for Transcript of Tax Return; add "List your personal email address(es) below if you authorize the Agency to contact you via email..."; and add "If you have already entered into a purchase agreement (which again is strongly discouraged), provide a copy of the agreement."

Chapter 4:

Throughout, to renumber pages following reformatting/edits and to remove the handbook symbols. Eventually, the symbols will be removed throughout the handbook.

Paragraph 4.3(A)(1), to correct that only the first \$480 of "earned income" from adult full-time students (who are not the borrower, co-borrower, or spouse) are counted for annual income. (Social security, child support, or other forms of unearned income are entirely counted.)

Paragraph 4.3(E), to change a reference from Paragraph 3.16 to Paragraph 3.15 (this change was also made to Paragraph 4.12); and to remove the requirement that all applicants provide a sign IRS Form 4506-T, Request for Transcript of Tax Return, at the time of loan application. The Agency will ask the applicant to directly request, obtain, and provide a copy of their tax return transcript if additional income validation is needed.

Paragraph 4.11(A), to clarify the Do Not Pay portal is used for all Single-Family Housing direct programs.

(CON.)

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**INSERT RD HB-1-3550 (Con.)
(WSAL)**

Chapter 4:

Paragraph 4.11(B), to state that infile credit reports for pre-qualifications completed by Agency staff should be limited as outlined in Section 1 of Chapter 3.

Exhibit 4-5, to remove the reliability of the applicant's credit score when discussing an authorized user to conform with the changes made with the [SPECIAL PN dated July 22, 2019](#).

Paragraph 4.15, to add an example of a structurally unsound home that deals with a manufactured home that is not affixed to a permanent foundation.

Paragraph 4.22 (B) (2), to update how student loan payments and revolving credit card debts are handled when determining total debt.

Attachment 4-C, to amend the language regarding IRS Form 4506-T, Request for Transcript of Tax Return.

Appendix 3:

Handbook Letter 1, to remove the insertion for the number of REO properties and to add an insertion for the REO websites for decentralized and centralized foreclosure/REO states.

Handbook Letter 11, to replace "within 15 days of the date of this letter" with "by _____, _____". The field/UniFi will insert the date that is 15 days from the date of the letter so that it is clear to the applicant when the requested items are due.

Handbook Letter 15, to update the address for Equifax Mortgage Solutions.

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**INSERT RD HB-1-3550 (Con.)
(WSAL)**

Handbook Letter 16, to change the timing for verifications to 180 days to match Paragraph 4.3 (E) (1).

REMOVE

Chapter 3 dated 01-23-03:
Pages 3-1 thru 3-21,
Attachment 3-A,
Attachment 3-D,
Attachment 3-G: Pages 1 & 2,
and 7 & 8,
Attachment 3-H,
Attachment 3-J;
Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-4, 4-9 & 4-10,
4-17 thru 4-20, 4-29 & 4-30,
4-31 thru 4-70,
Attachment 4-C: Pages 3 & 4; and
Appendix 3 dated 01-23-03:
Handbook Letters 1, 11,15 and 16.

INSERT

Chapter 3 dated 01-23-03:
Pages 3-1 thru 3-19 revised,
Attachment 3-A revised,
Attachment 3-D revised,
Attachment 3-G: Pages 1 & 2
and 7 & 8 revised,
Attachment 3-H revised,
Attachment 3-J revised;
Chapter 4 dated 01-23-03:
Pages 4-1 thru 4-4, 4-9 & 4-10,
4-17 thru 4-20, 4-29 & 4-30,
4-31 thru 4-70 revised,
Attachment 4-C: Pages 3 & 4 revised; and
Appendix 3 dated 01-23-03:
Handbook Letters 1, 11,15 and
16 revised 12-12-19.

FORM

REPLACEMENT

**RD 1924-9
(WSAL)**

revised to clarify that work was completed satisfactorily and final payment was received and agreed upon by both the owner and contractor. 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.

CERTIFICATE OF CONTRACTOR'S RELEASE

revised 10-19. Prescribed in RD Instruction 1924-A. The Form and FMI are

REMOVE

FMI dated 03-18-98.

INSERT

FMI revised 12-12-19.

FORM

REPLACEMENT

**RD 3550-19
(WSAL)**

RURAL DEVELOPMENT TRANSMITTAL - CLOSING DOCUMENTS revised 10-19. Prescribed in RD Handbook HB-1-3550. The Form and FMI are

revised to restructure the Form to better align with ECF classification order, include the correct information for submitting the form, and corrected CSC to NFAOC. 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 06-21-98.

INSERT
FMI revised 12-12-19.

**RD 3550-23
(WSAL)**

APPLICATION ORIENTATION GUIDE revised 10-19. Prescribed in RD Handbook HB-1-3550. The Form and FMI are revised to

add clarification for compensation for construction defects and clarification for section that apply to Section 502 loans. 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 03-30-17.

INSERT
FMI revised 12-12-19.

SPECIAL PROCEDURE NOTICE RELEASED:

SPECIAL PN NOTICE dated 12-02-19. DISTRIBUTION: WSAL.
(RD Instruction 440.1)

NO ADMINISTRATIVE NOTICES RELEASED.