

## PROCEDURE NOTICE

### 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:

Appendix 12, Single Family Housing Direct Programs American Rescue Plan Act (ARPA) Guidelines, is being added to this Handbook to provide procedures to accept and process loan applications from existing Section 502 and Section 504 direct loan borrowers, to refinance outstanding loans which are, or have been, in an approved COVID-19 moratorium. This Appendix reflects previous guidance as issued in a [May 12, 2021 Unnumbered Letter](#), with updates that include but are not limited to:

(1) Fast Track processing option. For applications which do not include capital improvements or repairs to be refinanced into the new loan, and/or have junior liens supported by an assessed value, the origination process is streamlined by removing and adjusting the following:

- Appraisal requirement is removed (also applicable for certain General Processing situations)
- Title work is ordered at the beginning of the origination process (also applicable for General Processing).
- Environmental requirements are not applicable.

(2) Determining market value. The use of assessor or tax records may be used for determining market value for both Fast Track and General ARPA processing, except in certain situations when an appraisal is still required (e.g., capital improvements, property tax valuation shows inadequate security to include eligible junior liens in the refinance).

(3) Self-Help Borrowers:

- Regardless of moratorium status, very low- and low-income self-help borrowers with permanent loans that closed in Fiscal Year (FY) 2020 or later are eligible to apply for ARPA refinancing under this revised guidance.
- Deferred Mortgage Payments. Permit Rural Housing Service to defer up to 25 percent of the monthly principal and interest payment at 1 percent for up to 15 years for qualified borrowers. The revised guidance will specifically permit very low-income self-help borrowers with loans closed in FY's 2020 or later, to refinance their loans with ARPA funding, and deferred mortgage assistance may be continued for up to 15 years after loan closing.

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(4) Other Items:

- Update to permissible packaging fees.
- Clarification of eligible junior liens which may be refinanced (e.g., secondary financing for down payment assistance loans, forgivable loans, deferred payment loans, etc.).
- Permit refinance of UCC liens for permanent fixtures to the home (e.g., solar panels), if there is adequate security value.
- Update Terms for loans over \$24,000, to permit borrower to select a 10-year term as long as there is still an NTB.
- Clarification for borrowers with multiple loans and how they may be combined (e.g., 502 & 504 into one new 502 loan, etc.).
- Updated guidance on removing borrowers.

**INSERT**

[Appendix 12 dated 02-14-23.](#)

**FORM**

**RUS FORM 675**

**CERTIFICATE OF AUTHORITY.** The RUS Form 675 is being updated to: (a) add in the revised PRA statement at the top, (b) remove requirement for electric borrowers to provide a board resolution, (c) make it clear that telecommunications borrowers must still provide board resolution, d) add in "grant" funds and e) add drop down menus for dates.

Changes were made due to streamlining by the Electric program and then updates to bring the form in line with current funding options of loans and grants.

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