



Rural Development

December 3, 2021

Joaquin Altoro  
Administrator  
  
Rural Housing Service  
1400 Independence Ave, SW  
Room 5014-S  
Washington, D.C. 20250

TO: State Directors  
Rural Development  
  
ATTN: Program Directors  
Single Family Housing  
  
FROM: Joaquin Altoro /s/ *Joaquin Altoro*  
Administrator  
Rural Housing Service  
  
SUBJECT: Single Family Housing Direct Programs  
Permissible Packaging Fees

Telephone: (202) 692-0268

**PURPOSE:**

This Unnumbered Letter (UL) increases the permissible packaging fees for:

- Section 502 Direct certified loan application packaging. The corresponding change to Handbook-1-3550, Chapter 3, Attachment 3-A will be made in advance of this UL's expiration date.
- American Rescue Plan Act (ARPA) packaging as outlined in the [applicable UL dated May 12, 2021](#).

The increased packaging fees are effective as of the date of this UL.

**BACKGROUND:**

The Agency supports partnerships with loan application packagers since packagers can provide outreach and presence in counties where a Field Office is not located; assist the Agency in reaching very low-income applicants; promote the program in underserved areas; prescreen potential applicants; counsel potential applicants on how to improve their ability to qualify for a home; ensure that applications are complete and accompanied by the supporting documentation needed for the Agency's decision.

EXPIRATION DATE:  
November 30, 2022

FILING INSTRUCTIONS:  
Housing Programs

The Agency is amending these specific packaging fees based on factors such as the level of service provided as well as the prevailing cost to provide the service. The packaging fee for the certified loan application packaging process, which involves a two-step process (Phase 1 - Application Submittal and Phase 2 - Property Submittal) was last increased in November of 2018.

**IMPLEMENTATION RESPONSIBILITIES:**

Certified packagers may begin to disclose up to the maximum fees outlined below as of the date of this UL on the required ‘Disclosure Letter’ in Handbook-1-3550, Chapter 3, Attachment 3-A or the ‘Packaging Required Disclosure Letter for ARPA’ located on the [Direct Loan Application Packagers](#) website. 502 Direct and ARPA application packages received after the date of this UL may charge up to the increased permissible packaging fee provided the applicable disclosure letter lists the higher fee. If a disclosure was issued to a potential applicant prior to the date of this UL, that fee may not be redisclosed/increased, and the fee charged at closing cannot exceed the amount disclosed.

**Section 502 Direct Certified Loan Application Packaging:**

The permissible packaging fees for Section 502 Direct certified application packages are as follows:

<b>502 Direct Packaging Type</b>	<b>Permissible Packaging Fee</b>
Certified packaging body with an intermediary	Up to \$2,000 split between certified packaging body and intermediary
Certified packaging body without an intermediary (occurs when the State Director approves an opt-out request or when a state is not served by an intermediary)	Up to \$1,750
Intermediary acting as a certified packaging body	Up to \$1,750

The permissible packaging fee increase also applies to Section 523 Grantee packages when a switch to a Section 502 non-self-help application occurs. The permissible packaging fees are as follows:

<b>Grantee’s packaging type</b>	<b>Switch occurs before the package is submitted to the Agency</b>	<b>Switch occurs after the package submittal to the Agency but before the Agency determines applicant eligibility</b>	<b>Switch occurs after the Agency determines applicant eligibility</b>
Certified packaging body with an intermediary	Up to \$2,000 split between certified packaging body and intermediary	Grantee cannot collect a packaging fee; the services provided are considered part of their grant	Grantee cannot collect a packaging fee. The services provided are considered part of the 523 grant.
Certified packaging body without an intermediary (occurs when the State Director approves an opt-out request or when a state is not served by an intermediary)	Grantee can charge a packaging fee of up to \$1,750.		

The maximum allowable packaging fees for regular (i.e. non-ARPA) approved non-certified and 504 loan packaging remain unchanged at this time; however, an increase may occur later this fiscal year via a change to Handbook-1-3550, Chapter 3, Attachment 3-A.

**ARPA:**

The permissible packaging fees for ARPA refinance application packages are as follows:

<b>502 Direct Packaging Type (ARPA)</b>	<b>Permissible Packaging Fee</b>
Certified packaging body with an intermediary	Up to \$1,300 split between certified packaging body and intermediary
Certified packaging body without an intermediary (occurs when the State Director approves an opt-out request or when a state is not served by an intermediary)	Up to \$1,100
Intermediary acting as a certified packaging body	Up to \$1,100
502 Approved non-certified	Up to \$350
<b>504 Loan Packaging Type (ARPA)</b>	
Public and private nonprofit organizations that are tax exempt under the Internal Revenue Code	Up to \$575

Please contact Ashley Nelson at [ashley.nelson@usda.gov](mailto:ashley.nelson@usda.gov) or Tammy Repine [tammy.repine@usda.gov](mailto:tammy.repine@usda.gov) with questions regarding this UL.