

APPENDIX 3**HANDBOOK LETTERS REFERENCED IN THIS HANDBOOK**

Handbook Letter 1 (3550), Moderate Income Options

Handbook Letter 2 (3550), Funds Not Available

Handbook Letter 3-A (3550), Waiting Period (Funds Not Available)

Handbook Letter 3-B (3550), Waiting Period (Extended Processing Timeframe)

Handbook Letter 4 (3550), Funds Not Available – Certificate of Eligibility and/or Property Identified

Handbook Letter 5 (3550), Cover Letter for Initial Disclosures Package

Handbook Letter 10 (3550), Status of Offer to Buy Single Family Housing REO Property

Handbook Letter 11 (3550), Request Information

Handbook Letter 12 (3550), Notification of Approval (504 Grant and/or Loan)

Handbook Letter 15 (3550), Standardized Adverse Decision Letter

Handbook Letter 16A (3550), Eligibility of Self-Help Applicants- New Construction or Acquisition Rehabilitation

Handbook Letter 16B (3550), Eligibility of Self-Help Applicants- Owner Occupied Rehabilitation

Handbook Letter 17 (3550), Adverse Decision Involving An Appraisal

Handbook Letter 18 (3550), Unfavorable Decision After State Director Review Of An Appraisal

Handbook Letter 19 (3550), Pre-qualification Review

Handbook Letter 20 (3550), Response to Request to Sale for Less Than the Debt

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Moderate Income Options

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]

[insert applicant(s) street/post office address]

[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Information obtained while processing your application for Rural Development loan assistance indicates that your adjusted annual household income exceeds the maximum low-income limit for this area, which is \$(insert the applicable income limit). The following options are available to you in obtaining housing:

1. Sale of Real Estate Owned (REO) Property. This is the sale of a property that is owned by the Government. Rural Development acquires title to properties periodically and welcomes you to visit www.dawsonsmangement.com (click on USDA properties) to view the changing availability of properties.
2. A transfer and assumption of an existing Rural Development loan. You may assume the unpaid balance of a loan from a Rural Development borrower whose property is for sale. Equity or repairs would need to be paid for with cash provided by you.
3. A Guaranteed Rural Housing loan. If you wish to learn more about this program and obtain a list of participating lenders, please contact this office at (insert field office address).
4. Other credit. You may wish to pursue financing through a private lending institution.

Applications for the purchase of an REO property or loan transfer and assumption are given funding priority. If you are interested in a specific REO property or loan transfer and believe you can meet the conditions outlined above, you should notify this office within 15 days of receipt of this letter. If we do not hear from you within the specified time frame, your application will be considered voluntarily withdrawn. Please refer to Attachment 1-C in this letter regarding your ability to have the decision further reviewed.

Sincerely,

(insert name of the Loan Approval
Official) (insert title of the Loan
Approval Official)

Attachment
[Attachment 1-C of Chapter 1]

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Funds Not Available

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)] [insert applicant(s) street/post office address] [insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Rural Development cannot continue to process your application at this time due to the lack of availability of funds. However, based on a review of your verified information, you have been determined eligible for services through this Agency. The approximate waiting period before funds may be available to consider your request is (insert approximate days/months funds will be available).

Once funding is available to consider your request, we will notify you with further instructions. You may be asked to provide the Agency with updated information so that we can confirm your continued eligibility.

[DELETE THE FOLLOWING TWO PARAGRAPHS FOR SECTION 504 HOME REPAIR LOAN AND/OR GRANT REQUESTS.]

Please be advised that Rural Development has a homeownership education requirement for first-time homebuyers. If you are a first-time homebuyer, you will be required to provide documentation of completion of an acceptable homeownership education course. Documentation must be in the form of a certificate of completion or letter from the provider of the homeownership education. Our office can assist you in locating an acceptable provider. We strongly encourage that applicants look into and take the training early in the process. In the meantime, **do not** incur debts for items such as a building site, or the repair, purchase, or construction of a home; there is no guarantee that the Agency will extend you financing.

If you are planning to assume the unpaid balance of a loan from an existing Rural Development borrower or purchase a Government Real Estate Owned property, you should advise this office. These transactions can be processed without delay. You may also wish to discuss eligibility requirements for the Guaranteed Rural Housing loan.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Waiting Period (Funds Not Available)

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

The rural housing application that you submitted to Rural Development on [insert receipt date] remains active.

However, resources are still currently unavailable to consider your request. The approximate waiting period is now [insert # of months/days].

Please complete the enclosed form if you are still interested in Rural Development assistance and confirm your current contact information. Your failure to return the enclosed form to this office within 15 days of the date of this letter will result in your application being considered voluntarily withdrawn. If your application is withdrawn, you may reapply.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

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Feel free to contact this office at [insert phone number] if you have any questions.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

Enclosure

TO: [insert name and address of applicable Rural Development field office]

I am still interested in receiving rural housing assistance through Rural Development. Please keep my application active. My current contact information is as follows:

Name: _____
(Please print)

Address: _____
(Street/Post Office Address)

(City, State, and Zip Code)

Telephone: _____
(Please include area code)

Email: _____

THIS INFORMATION **HAS**_____/ **HAS NOT**_____**CHANGED SINCE YOU LAST CONTACTED ME.** (Please check either "has" or "has not" above.)

Signed by: _____ Date: _____
Applicant

Signed by: _____ Date: _____
Applicant

Note: If you wish to have your application remain on file, please complete this form, sign and date it, then return it to the Rural Development office processing your application. Your response must be received within 15 days from the date on the attached letter of [insert today's date].

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Waiting Period (Extended Processing Timeframe)

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

The rural housing application that you submitted to Rural Development on [insert receipt date] remains active. However, we are currently unable to consider your request due to extended processing timeframes. The approximate waiting period until your application will be processed to determine eligibility is [insert # of months/days].

[DELETE THE FOLLOWING PARAGRAPH WHEN SENDING THE INITIAL HB LETTER 3-B (following paragraph is only to be included when sending a subsequent HB Letter 3-B).]

Please complete the enclosed form if you are still interested in Rural Development assistance and confirm your current contact information. Your failure to return the enclosed form to this office within 15 days of the date of this letter will result in your application being considered voluntarily withdrawn. If your application is withdrawn, you may reapply.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

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Feel free to contact this office at [insert phone number] if you have any questions.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

Enclosure

[Agency reminder: Do not send this attachment with initial HB Letter 3-B, only include this attachment if a follow up HB Letter 3-B is needed. Delete this reminder when sending the attachment to the applicant]

TO: [insert name and address of applicable Rural Development field office]

I am still interested in receiving rural housing assistance through Rural Development. Please keep my application active. My current contact information is as follows:

Name: _____
(Please print)

Address: _____
(Street/Post Office Address)

(City, State, and Zip Code)

Telephone: _____
(Please include area code)

Email: _____

THIS INFORMATION **HAS** ___/ **HAS NOT** ___ CHANGED SINCE YOU LAST CONTACTED ME. (Please check either "has" or "has not" above.)

Signed by: _____ Date: _____ Applicant

Signed by: _____ Date: _____ Applicant

Note: If you wish to have your application remain on file, please complete this form, sign and date it, then return it to the Rural Development office processing your application. Your response must be received within 15 days from the date on the attached letter of [insert today's date].

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Funds Not Available – Certificate of Eligibility and/or Property Identified

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]

[insert applicant(s) street/post office address]

[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

You are receiving this letter because you have been deemed eligible for Rural Development assistance and:

- You have been issued a Certificate of Eligibility (COE).
- You have submitted a purchase agreement or sales contract for a property.

Unfortunately, Rural Development cannot continue processing your application at this time due to a temporary lack of funds for households within your income category. You should immediately:

- Stop searching for a property unless you find a seller who is willing to agree to a closing date that is at least 30 days beyond the approximate waiting period listed below.
- Speak with the seller about extending the closing date to at least 30 days beyond the approximate waiting period listed below. If the seller is willing to extend the closing date, please submit a copy of the addendum to the contract to Rural Development.

The approximate waiting period before funds may be available to consider your loan request is [insert approximate days/months funds will be available]. We will notify you once funding is available to consider your loan request.

If you are planning to assume the unpaid balance of a loan from an existing Rural Development borrower or purchase an Agency Real Estate Owned property, you should advise this office. These transactions can be processed without delay.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Cover Letter for Initial Disclosures Package

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Thank you for submitting an application for a single family housing loan in the amount of (insert the loan amount as shown on the Loan Estimate). In accordance with the Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act and the Truth in Lending Act, the following is provided:

- *The Loan Estimate Disclosure.* This document is provided to show the maximum costs associated with the loan product; the final costs may be lower. If there is a change in circumstances, such as a change in the loan amount, a revised Loan Estimate may be issued. The payment amount does not reflect any possible payment assistance nor does the issuance of a Loan Estimate constitute an approval of a loan.
- *A List of Settlement Service Providers.* These providers are not endorsed by or affiliated with Rural Development and applicants may select service providers not on this list.
- *The Consumer Financial Protection Bureau Booklet, "Your home loan toolkit: A step-by-step guide".*

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this credit is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, DC 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms of conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, DC 20410 or call (800) 669-9777.

If you have any questions or need further information, please contact this office at (insert field office address).

Sincerely,

(insert name of the Loan Originator)
(insert title of the Loan Originator)

REFERENCE: Field Office Handbook Chapter 16

SUBJECT: Status of Offer to Buy Single Family Housing REO Property

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Regarding your offer to purchase the above-referenced REO property, please be advised that:

- _____ 1. Your offer has been accepted. Please contact this office to discuss proceeding with the transaction.
- _____ 2. Another offer has been accepted; however, your offer is being held as a back-up offer.
- _____ 3. The property is reserved for exclusive purchase for no less than 30 days after listing by eligible Direct or Guaranteed program applicants and for sale or lease to nonprofit organizations or public bodies providing transitional and turnkey housing for tenants of such transitional housing. Your offer will be considered after this period if no acceptable offer from one of these reserved parties is received.
- _____ 4. Your offer could not be accepted for the following reason(s):
 - _____ Less than the listed sale price.
 - _____ An offer from a program applicant has been accepted.
 - _____ Another offer has already been accepted.
 - _____ The property is no longer for sale.
 - _____ (For back-up offers) The prior offer has been accepted.
- _____ 5. The property has been withdrawn from sale.
- _____ 6. A previous offer has been canceled. The property has been relisted for sale.
- _____ 7. The property has been relisted for sale at the following:
 - Price \$ _____
 - Terms: _____
- _____ 8. Other: _____

Please feel free to contact this office if you have any questions regarding this letter. Thank you for your interest in purchasing REO property.

Sincerely,
[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Request Information

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

The following information must be submitted to this office in order for Rural Development to continue processing your application:

This letter is to advise you that no action can be taken until **all the above items** have been received in this office. Your application will remain in an inactive status until the information is received. Your failure to provide **all the above items** by _____, will result in your application being considered voluntarily withdrawn. If your incomplete application is withdrawn, you can reapply at any time.

Please be advised that Rural Development has a homeownership education requirement for first-time homebuyers. If you are a first-time homebuyer, you will be required to provide documentation of completion of an acceptable homeownership education course. Documentation must be in the form of a certificate of completion or letter from the provider of the homeownership education. Our office can assist you in locating an acceptable provider. We strongly encourage that applicants take the training early in the process.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

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Sincerely,

[insert name of Rural Development Official]
[insert title of Rural Development Official]

REFERENCE: Field Office Handbook Chapter 12
SUBJECT: Notification of Approval (504 Grant and/or Loan)

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Rural Development has approved your request for assistance as follows:

- Approval of Section 504 Repair Loan assistance in the amount of [\$ insert loan amount] at a fixed 1.0% interest rate.
- Approval of Section 504 Repair Grant assistance in the amount of [\$ insert grant amount].

If the amount(s) listed above are less than the amount requested, you may contribute the difference from other sources of funds, reduce the repair amount by negotiating with your contractor(s), or appeal the determination. The loan (grant) will be closed and secured only through the following instrument(s):

- Promissory Note Only
- Grant Agreement

REPAYMENT TERMS: The loan will be repaid in monthly installments of principal and interest over a **20 year period**, with the first installment due approximately **30 days** after the last loan advance or acceptance of the repair work, whichever is earlier.

ADDITIONAL ITEMS OR CONDITIONS REQUIRED BY CLOSING: All items checked below apply.

- Attached list of repairs is to be completed, an escrow in the amount of \$_____ will be held until the work is satisfactorily completed. RHS will fully disburse the loan/grant proceeds upon completion of the rehabilitation, subject to the homeowner's written statement of satisfaction.
- Documents: Any document used to verify employment, income, and assets that is over 120 days old, as of the date of closing will need to be updated prior to settlement.
- Other:

Approval Official: _____ Date: _____

Note: Date of approval will be the same as date of obligation.

This loan (grant) is approved subject to the availability of funds and other conditions required by RHS. If you have any questions, contact the approval official whose name appears above at _____.

REFERENCE: Field Office Handbook Chapter 1

SUBJECT: Standardized Adverse Decision Letter

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Thank you for the opportunity to consider your request for Rural Development assistance. In reviewing your request, we considered all information submitted to the Agency and the regulations that govern the assistance for which you applied. After careful review, we regret to inform you that we were unable to take favorable action on your request. The specific reasons for our decision are as follows:

(The following items should be included in each adverse decision letter and can be presented in different formats depending upon the type of assistance requested and reasons for denial):

- Specific reasons for the decision;
- Regulatory basis (CFR citation) for the decision;
- If applicable, a statement of any evidence considered in making the decision such as credit reports, financial statements, etc.;
- If applicable, a statement of any issues presented by the customer such as those discussed during any meetings or phone conversations.

If one of the above reasons included an unacceptable credit history, please note that a tri-merge credit report on you was obtained from Equifax Mortgage Solutions, 4300 Westown Parkway, Suite 200, West Des Moines, IA 50266; telephone (800) 333-0037. You may obtain a free copy of your credit report from Equifax and dispute the accuracy or completeness of the report directly to Equifax. While the report was provided by Equifax, the decision to deny your request for assistance was made by this Agency and not Equifax.

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Handbook Letter 15 (3550)
Page 2

If you believe our decision is incorrect, or the facts used in this case are in error, you may challenge our decision. Please see the attached document.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

Attachment [insert Attachment 1-B or 1-C, as appropriate from Chapter 1]

REFERENCE: Field Office Handbook Chapter 4

SUBJECT: Eligibility of Self-Help Applicants- New Construction or Acquisition Rehabilitation

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
 [insert applicant(s) street/post office address]
 [insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

You have been determined eligible for Rural Housing Service (RHS) financing for {INSERT-CONSTRUCTION, OR ACQUISITION REHABILITATION} of a modest single family home under the Self-Help program. Eligibility is based on income and financial information that is verified within 180 days of loan approval and closing. Loan approval and closing are subject to the continued eligibility of the applicant and the availability of loan funds. Changes in your financial status (income and expenses) must be reported to RHS, and may affect your eligibility and the amount of loan for which you qualify. RHS has determined that you qualify for a Self-Help loan up to the amount of \$_____ in _____ County, based on a down payment of \$_____, estimated annual real estate taxes of \$_____ and insurance of \$_____.

Funding Source	Funding Amount	Term (Yrs.)	Interest Rate
1. RHS			
2.			
3.			
4.			
TOTAL FUNDING AMOUNT:			

- The RHS interest rate noted above is the full note rate in effect as of the date of this notification.
- The RHS interest rate is not locked in and is subject to change on the 1st of each month until locked at the lower rate in effect at the time of the loan approval (as evidenced by issuance of Form RD 3550-7, Funding Commitment and Notification of Loan Closing), or closing.
- You may be eligible for a subsidy that reduces the interest rate charged against the RHS loan. This payment subsidy is not a grant and is subject to recapture.

Subject to completion of homeownership education - Yes No

This eligibility expires on {INSERT DATE 180 DAYS FROM ISSUANCE}, at which time this application must be reviewed with the self-help grantee for potential withdrawal.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

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Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 4

SUBJECT: Eligibility of Self-Help Applicants-Owner Occupant Rehabilitation

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

You have been determined eligible for Rural Housing Service (RHS) financing for owner occupant rehabilitation of a modest single family home under the Self-Help program. Eligibility is based on income and financial information that is verified within {INSERT 120 OR 180 AS APPLICABLE} days of approval and closing. {INSERT LOAN, LOAN GRANT COMBO, OR GRANT} approval and closing are subject to the continued eligibility of the applicant and the availability of funds. Changes in your financial status (income and expenses) must be reported to RHS, and may affect your eligibility and the amount for which you qualify. RHS has determined that you qualify for a Self-Help {INSERT LOAN, LOAN GRANT COMBO, OR GRANT} in _____ County, up to the amount of \$ _____ loan and \$ _____ grant.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

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Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 5
SUBJECT: Adverse Decision Involving an Appraisal

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant(s) last name(s) (Mr., Mrs., Ms.)]:

After carefully analyzing the appraisal of the property located at _____, we are unable to take favorable action on your request for Rural Development services. The specific reasons for our decision are:

[insert the specific reasons associated with the appraisal for the adverse action]

If the aforementioned reason for denial was because the requested loan amount was greater than the appraised value, you may want to look into the following options:

1. Adjust the sales contract price.
2. If the sales contract falls through, a new Form RD 1944-59, Certificate of Eligibility, good for 120 days, will be issued if program funding is available. If funding is no longer available, you will be notified of the estimated waiting period before a renewed Certificate of Eligibility may be issued to you.
3. Dispute the appraisal (i.e. reconsideration of value) by:
 - a. Presenting any new, objective information regarding the subject property, for the Agency's consideration (e.g., incorrect or incomplete information was used for square footage, number of bedrooms, number of bathrooms, garage size, upgrades, repaired or renovated conditions, etc.), and/or:
 - b. Submitting additional market sales data for consideration. No more than 5 additional market sales may be presented for consideration by the appraiser as part of a request for reconsideration of value. Sales provided must have been sold prior to the effective date of the appraisal, be very similar to the subject property (e.g. style, square footage, age, etc.) and from the same or highly similar market area.

You should inform the Local Office of which option you will exercise, and present any new information for our consideration, within 15 days from the date of this letter. Please submit the information in writing to the Local Office at [insert office address and office email resource account, if applicable.] The written dispute must be from you, the applicant. Disputes submitted by third parties such as real estate agents, contractors, sellers, etc. will not be considered. You may seek assistance from third parties, but the dispute must be initiated by you to be considered by the Agency.

If you have any other questions concerning this decision, you may contact the Local Office at [insert office phone number, address, and office email resource account, if applicable] to request a meeting with this office within 15 days from the date of this letter. You may also bring a representative or legal counsel with you.

If, pursuant to the above, any additional information is submitted to dispute the appraisal, Rural Development will perform a Technical Appraisal Review of the appraisal report and/or of the revised appraisal report. The results of that review will be provided to you in writing, once completed.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 5

SUBJECT: Unfavorable Decision After Technical Review of an Appraisal Report

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

At your request, a Technical Appraisal Review has been completed by Rural Development appraisal staff, for the property you wish to purchase at [insert address from appraisal report]. As a result of this review we have determined the Appraisal Report and its value estimate are acceptable, as required by Rural Development regulations and appraisal industry standards.

As a result of this determination, we are unable to take favorable action on your loan request. The specific reason(s) for our decision are:

[Insert "The loan amount requested is not supported by the appraised value of the property" and/or any other specific reason associated with the appraisal for the adverse action.]

The determination that the Appraisal Report is acceptable is not appealable in accordance with 7 CFR Section 1900.53(c). However, you may consider the following options:

1. Adjust the sales contract price.
2. If the sales contract falls through, a new Form RD 1944-59, Certificate of Eligibility, good for 120 days, will be issued if program funding is available. If funding is no longer available, you will be notified of the estimated waiting period before a renewed Certificate of Eligibility may be issued to you.
3. Seek mediation and/or request a hearing with National Appeals Division (NAD) regarding the Agency's determination that the loan amount requested is not supported by the appraised value of the property (i.e., inadequate security). See Attachment 1-B, An Appealable Adverse Decision.

You should inform the Local Office if you intend to exercise option 1 or 2 within 15 days from the date of this letter. See Attachment 1-B for instructions and specific timeframes for requesting mediation or appeal (option 3). [Include Attachment 1-B from Chapter 1]

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Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 3

SUBJECT: Pre-qualification Review

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state, and zip code]

Dear [insert applicant(s) last name(s) (Mr., Mrs., Ms.)]:

Rural Development has conducted a pre-qualification review using a profile credit report (obtained at no cost to you) as well as unverified information you provided either orally or in writing.

To qualify for program assistance, applicants must meet basic eligibility requirements. We would like the opportunity to discuss with you the information obtained through the pre-qualification review. We ask that you call our office at [insert office phone number] within 15 days of the date on this letter.

You are welcome to submit a Uniform Residential Loan Application regardless of the issues discussed during the phone conversation.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

Sincerely,

[insert name of Loan Approval Official]
[insert title of Loan Approval Official]

REFERENCE: Field Office Handbook Chapter 13
SUBJECT: Response to Request to Sale for Less Than the Debt

Date: [insert today's date]

[insert borrower(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert borrower(s) street/post office address]
[insert city, state, and zip code]

RE: [Type of Assistance
Requested] [insert account #__]
[Residential Real Estate Located at (Popular Street Address of Property)]

Dear [insert borrower last name(s) (Mr., Mrs., Ms.)]:

USDA Rural Development has reviewed your request for consent to allow you to sell the subject property for the sale price that you have proposed. USDA Rural Development consents to this sale and agrees to release its first mortgage lien upon receipt of net proceeds from the sale in an amount not less than

\$_____. By approving this sale, the Agency is agreeing only to release its lien; however, you will remain obligated for repayment of any remaining debt. The remaining debt can be settled through the debt settlement process. For your convenience a Debt Settlement Application is enclosed for you to complete and return to the Servicing and Asset Management Office as instructed in the application.

- or -

USDA Rural Development has reviewed your request for consent to allow you to sell the subject property for the sale price that you have proposed and does not consent to this sale for the following reasons: [insert specific reasons]. Please contact the local field office at the above location for additional information.

Sincerely,

[insert name of RD Official]
[insert title of RD Official]