

APPENDIX 11**SINGLE FAMILY HOUSING DIRECT PROGRAMS
APPROVAL AUTHORITY GUIDELINES**

To receive their Single Family Housing (SFH) direct loan and grant approval authority, all new SFH specialists must follow the guidelines below that include (among other steps) training/testing, mentoring, and file reviews. While the specialist should complete the process as expeditiously as possible, the entire process can take upwards of 18 months. If a specialist does not complete the process within 24 months, the Housing Program Director and State Director will examine and oversee the specialist's progress until approval authority is obtained or other action is deemed necessary.

I. Training/Testing:

- To begin, the new specialist will:
 - Register under the [SFH University](#).
 - Review and follow all instructional materials under the [Direct University](#) "Training Plan".
- The specialist will complete all of the [Direct University](#) "Learning Modules & Quizzes".
 - The State Office and/or Area Office may supplement the Direct University with training specific to state/local laws and any other supplemental training they deem necessary.
- After all modules and quizzes have been successfully completed, the specialist will take the "Final Assessment".

II. Mentoring:

- At the time the new specialist registers for the SFH University, the immediate supervisor will assign a mentor to the specialist.
 - The mentor should be:
 - Well versed in underwriting SFH direct loans and grants.
 - Prepared to actively serve as a resource to the trainee until they obtain their approval authority.
 - Prepared to provide written quarterly reports to the trainee's supervisor and the Housing Program Director outlining the specialist's progress and any areas of needed development.
 - The mentor should not be the specialist's immediate or next level supervisor.

III. File Reviews:

- After the new specialist successfully passes the final assessment, they will be tasked with independently rendering a decision on a variety of direct loan, grant, and combo applications from the eligibility determination to closing. At the decisional phases, the immediate supervisor must attest to the specialist's decision before the decision can be officially rendered. Once the immediate supervisor is comfortable with the decisions being rendered by the specialist, they will:
 - Submit a minimum of five Section 502 and four Section 504 files to the State Office for their review. In both programs, one rejected application must be provided in that total. The Section 502 closed loans should include existing homes with repairs and construction (or purchase new); the Section 504 closed loans/grants must include at least one combo.
 - Email the Housing Program Director letting them know which files to review via the Electronic Customer File system.
 - Notify the Housing Program Director in one of two ways:
 - All at once (with a minimum of nine files as defined above).
 - In two separate submissions (each containing roughly half of the required files as defined above) that are no more than three months apart.
- The State Office reviewer will:
 - Use a consistent method of review and may use Attachment 6-B, Loan Quality Review, and the [Underwriting, Pre-Closing, and Compliance Review Tool](#).
 - Request additional files if needed to determine the specialist's level of proficiency.
 - Share their review results with the immediate supervisor.

IV. Supervisor Recommendation for Approval:

- After steps I – III above are satisfactorily completed, the immediate supervisor will:
 - Coordinate with the Housing Program Director a field review with the new specialist to visit properties proposed for financing or financed under the SFH direct programs.
 - The new specialist will be responsible for setting up the travel route and making any necessary arrangements. It is recommended that at least two Section 502 properties and one Section 504 rehab property be visited.
 - The visits will generally be exterior in nature and will be used to gauge the recommendation for inspection authority and site approval authority.
 - Send a letter to the State Director, through the Housing Program Director, recommending the designation of loan and grant approval authority once the property visits are satisfactorily completed.

- The State Director will review the recommendation along with the supporting documentation (e.g. training records) and make a decision regarding the designation of loan and grant approval authority. If granted, the designation will be documented using the letter format provided below. If denied, the State Director will request that the immediate supervisor and Housing Program Director develop an updated training plan for the specialist to address noted areas of weakness.

V. Restrictions/Revocations and Reinstatement of Approval Authority:

Both the Administrator and the State Director can make written restrictions or revocations on a specialist's approval authority (refer to RD Instruction 1901-A, 1901.4 (d) and (e)). Should this occur, the State Office has the authority to determine what actions, trainings, and conditions are required to reinstate the specialist's approval authority.

FURTHER DELEGATION OF AUTHORITY
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TO: [Name]
[Title]
USDA Rural Development
[Location]

By the authority delegated to me as State Director for USDA Rural Development, [State Name] by RD Instruction 1901-A, I hereby make the following delegation to the aforementioned employee:

- Loan approval authority for Single Family Housing Section 502 direct loans, loan assumptions and nonprogram credit sales for the maximum loan amount described in 7 CFR Part 3550, Subpart B;
- Loan and grant approval authority for Single Family Housing Section 504 direct loans, grants, combinations, and loan assumptions for the maximum amount described in 7 CFR Part 3550, Subpart C; and
- Single Family Housing inspection authority and site approval authority in accordance with 7 CFR Part 1924, Subparts A and C.

This delegation is effective immediately and will continue until the delegate leaves their position or until revocation or other change is made in writing.

Training is an ongoing process. Continue to reach out to your supervisor and State Office SFH staff for guidance.

Date _____
[Name]
State Director

cc: [First line supervisor]
eOPF