



April 15, 2019

Rural Development

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TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Richard A. Davis /s/ *Richard A. Davis*
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SUBJECT: Temporary Authorizations for Fiscal Year 2019
Single Family Housing Direct Programs

PURPOSE:

To promote full use of single family housing direct funds before the end of Fiscal Year 2019, this memorandum provides temporary authorizations to: 1) use new loan proceeds in lieu of processing a new rates and terms assumption when an applicant is purchasing an existing borrower's property and 2) accept appraisals obtained by self-help grantees as well as from certified loan application packagers and intermediaries.

These temporary authorizations are effective as of the date of this memorandum and expire on September 30, 2019.

BACKGROUND:

These temporary authorizations will help reduce loan application processing times and will promote full and prompt use of direct loan funds.

IMPLEMENTATION RESPONSIBILITIES:

The following temporary authorization are available through September 30, 2019.

Section 502 New Rates and Terms Assumptions

A transaction that would typically be processed as a new rates and terms assumption as prescribed in Handbook-1-3550 should be processed as an initial loan for the remainder of this fiscal year.

EXPIRATION DATE:
September 30, 2019

FILING INSTRUCTIONS:
Housing Programs

Accept Appraisals from Self-Help Grantees and Certified Loan Application Packagers/Intermediaries

For states experiencing issues related to the timely ordering/receiving of appraisals, the Agency will temporarily accept appraisals ordered by self-help grantees and certified loan application packagers/intermediaries PROVIDED:

- The impacted RD State Offices notify their third parties that they may use this temporary authorization. (Many states are not impacted and will not use this temporary authorization.)
- With the submission of the property documentation (purchase agreement and/or construction contract), the authorized third party:
 - Notifies the RD processing office of their intent to order the appraisal and the cost of the appraisal (though it will not be ordered at this time). Within three business days of receiving this notification, RD will issue the applicant a Loan Estimate (LE) tailored for this temporary authorization. This LE (which can be found in SharePoint) has an applicant signature line; and RD will list the cost of the appraisal as provided by the third party (which may exceed the Agency’s standard appraisal fee of \$475).
 - Only orders the appraisal after:
 - Getting notification from the RD processing office that the applicant has signed the LE.
 - Explaining to the applicant that they are ordering the appraisal on the applicant’s behalf and that the applicant will have to cover the fee out-of-pocket if the loan does not close.
- The authorized third party provides the RD processing office with a copy of the paid invoice for the appraisal along with a copy of the appraisal that:
 - Meets the Uniform Standards of Professional Appraisal Practice and Agency appraisal standards.
 - Lists Rural Development as an “intended user”.
- The appraisal is reviewed and deemed acceptable by the Agency.
 - Using the [Appraisal Hub on SharePoint](#), a technical pre-closing review for the first five appraisals obtained by a third party is requested. This review should be completed by the appraisal staff within 3 business days. At the discretion of the appraisal staff, additional technical reviews may be required.
 - The RD processing office completes Form RD 1922-15, Administrative Appraisal Review for Single Family Housing.

Loan funds may be used to reimburse the payor of the appraisal fee at loan closing. The amount of reimbursement for the appraisal can exceed the Agency’s standard appraisal fee. The RD processing office will send the paid invoice for the appraisal and instructions for “paid outside of closing” reimbursement to the closing agent for proper disclosure and settlement.

For any questions regarding this memorandum, please contact Jeremy.Anderson@usda.gov or Andria.Hively@usda.gov of the Single Family Housing Direct Loan Division.