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Rural Development


Richard A. Davis
Acting Administrator

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

Telephone: (202) 692-0268

TO: State Directors
Rural Development

ATTENTION: Program Directors
Single Family Housing

FROM: Richard A. Davis 
Acting Administrator
Rural Housing Service

SUBJECT: Authorizations for Fiscal Year 2019
Single Family Housing Direct Program

PURPOSE:

To promote full utilization of single family housing direct loan funds before the end of Fiscal Year 2019, this memorandum provides authorizations related to loan processing.

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

BACKGROUND:

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

IMPLEMENTATION RESPONSIBILITIES:

To streamline loan processing, the following temporary authorizations are available through September 30, 2019.

EXPIRATION DATE:
September 30, 2019

FILING INSTRUCTIONS:
Housing Programs

Temporary Authorization: Reliability of Credit Score

The Agency will temporarily relax provisions outlined in Handbook-1-3550, Paragraph 4.12 A, and Form RD 1944-61, Credit History Worksheet, Section A; and follow the below.

- Provided the applicant has at least two credit scores on the Tri-Merge Credit Report, the applicable score (i.e. the middle numerical score if three scores are listed or the lower score if only two are listed) will automatically be deemed reliable. No consideration will be given to the number of opened and active trade lines on the credit report.

Temporary Authorization: Student Loan Payments

The Agency will temporarily relax provisions related to student loan payments outlined in Handbook-1-3550, Paragraph 4.22 B. 2; and allow the State Office to grant a case-by-case waiver to any condition (e.g. the applicant has a reliable credit score of 640 or higher) that must be met to use the applicant's actual monthly payment under an income-driven repayment plan. The justification for the waiver must be sound and well documented in the casefile.

Permanent Authorization: Oral Verification of Employment

With Procedure Notice 519 dated November 19, 2018, Handbook-1-3550, Paragraph 3.15 A. 3. was revised to limit the use of oral verifications to situations where the applicant has worked for the employer for less than a year or where the other types of verifications are inconsistent or suspicious.

While conforming changes to other impacted chapters are pending, staff should amend application processing accordingly to reflect the guidance in Paragraph 3.15 A. 3. For example, the preferred source of verification for wages would just be four consecutive weeks of paystubs. An oral verification would only need to complement the paystubs if the applicant has worked for the employer for less than a year or the other types of wage verifications are inconsistent or suspicious.

If you have questions regarding this memorandum, please contact Shannon Chase of the Single Family Housing Direct Loan Division at Shannon.chase@usda.gov.