

UNNUMBERED LETTERS ISSUED FOR THE APRIL OF 2010

Dated	Subject	Distribution
04/05/10	Lapse of Statutory Authority for the National Flood Insurance Program	S/D & N.O.O
04/05/10	Intermediary Relending Program Unemployment Rate	S/D
04/06/10	Buyers, Sellers, and Green Outreach Conferences for the Multi-Family Housing Revitalization Program (MPR)	S/D
04/06/10	Cultural Transformation Listening Tour	S/D
04/16/10	Section 502 New Rates and Terms Assumptions	S/D
04/16/10	2010 Area Loan Limit Implementation	S/D
04/16/10	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D
04/19/20	Increase in the Appraisal Fee for Direct Single Family Loans to \$425.00	S/D
04/20/10	Maria Edwards Chief, Field Services Branch	S/D & N.O.O
04/20/10	Rodger Glendenning Budget Director	S/D & N.O.O
04/22/10	Workout Agreements and Community Programs Reporting Requirements	S/D

April 5, 2010

TO: Rural Development State Directors and National Office Program Officials

ATTN: Area Directors  
Program Directors  
State Environmental Coordinators

FROM: Tammye Treviño (*Signed by Tammye Trevino*)  
Administrator  
Housing and Community Facilities Programs

Judith A. Canales (*Signed by Judith A. Canales*)  
Administrator  
Business and Cooperative Programs

Jonathan Adelstein (*Signed by Jonathan Adelstein*)  
Administrator  
Utilities Programs

SUBJECT: Lapse of Statutory Authority for the National Flood Insurance Program

The Federal Emergency Management Agency's (FEMA) statutory authority to issue flood insurance policies pursuant to the National Flood Insurance Program (NFIP) in NFIP participating communities ended March 28, 2010. Similar interruptions have occurred in the past with only temporary impact to FEMA's operations or affect to policyholder's coverage. We anticipate Congress will move quickly to fully reauthorize the NFIP when it reconvenes on April 12, 2010, and will do so retroactively.

Implementation of the mandatory flood insurance purchase requirements is the responsibility of the various lenders and federal agencies. FEMA has advised their contractors and the insurance companies that write and service policies under the NFIP to hold any premium payments for new policies, increased coverage on existing policies, or issuance of renewal policies received after March 28, 2010. Records of policy application and premium receipt dates will be maintained in order to minimize or eliminate any impact on property owners.

EXPIRATION DATE:  
April 30, 2011

FILING INSTRUCTIONS:  
Business – Housing Programs

We anticipate that once reauthorization occurs, FEMA will be able to issue policies and will honor all effective dates for flood insurance policy coverage during the lapse, including the start of applicable waiting periods and other cases where a policy is in force as of a loan settlement date.

All Rural Development program areas should continue to follow their specific Agency guidance for making loans on properties located in floodplains and Special Flood Hazard Areas (SFHA). During the lapse, in lieu of an NFIP flood insurance policy, you may accept any of the following as evidence of flood insurance (where applicable):

- 1) Completed and executed NFIP Flood Insurance Application plus a copy of the borrower's premium check; or
- 2) Completed and executed NFIP Flood Insurance Application plus final HUD-1 Form reflecting the flood insurance premium collected at closing; or
- 3) Completed and executed NFIP General Change Endorsement Form showing the assignment of the current flood insurance policy by the property seller to the borrower; or
- 4) If private flood insurance is obtained, the insurer's binder or equivalent of the applicable NFIP form pending issuance of the policy.

Please note the following:

- 1) In Items 1, 2, and 3 above, the borrower would not automatically be covered during the lapse time so the borrower must be informed of these risks should reauthorization not occur or not be made retroactive.
- 2) Items 1, 2, 3 and 4 above cannot be used in non-participating communities (i.e. communities that FEMA has mapped SFHA's but which have declined participation in the NFIP).
- 3) Private flood insurance is often much more expensive than NFIP flood insurance, and would not often be a viable option for agency funding.

If you have any questions regarding this, you should follow your normal protocol for program operation questions. National Office Program Divisions may contact Juliet Bochicchio at (202) 205-8242 or [juliet.bochicchio@wdc.usda.gov](mailto:juliet.bochicchio@wdc.usda.gov) for additional information.

April 5, 2010

TO: State Directors, Rural Development  
ATTN: Business Programs Directors  
SUBJECT: Intermediary Relending Program  
Unemployment Rate

RD Instruction 4274-D, section 4274.344(c)(2)(iii), provides for priority points for Intermediary Relending Program applications based on unemployment rates. The overall National unemployment rate for December 2009, was 10 percent. This unemployment rate will be used to compute the unemployment rate points until updated by the National Office. This supersedes the figure announced in an unnumbered letter issued on February 9, 2009.

*(Signed by Judith A. Canales)*

JUDITH A. CANALES  
Administrator  
Business and Cooperative Programs

EXPIRATION DATE:  
May 31, 2011

FILING INSTRUCTIONS:  
Community/Business Programs

April 6, 2010

TO: State Directors  
Rural Development

ATTN: Multi-Family Housing  
Program Directors and Coordinators

FROM: Tammye Treviño (*Signed by Tammye Trevino*)  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Buyers, Sellers, and Green Outreach Conferences for the  
Multi-Family Housing Revitalization Program (MPR)

We are pleased to announce and encourage attendance and participation in the upcoming regional Buyers, Sellers and Green Outreach Conferences that will be held during the months of May through July 2010. These conferences are designed to bring Rural Development Multi-Family Housing (MFH) Owners and potential Buyers of Section 515 properties together with the Rural Development State and Field Office staffs responsible for underwriting and servicing Rural Development loans as well as explore potential purchase and sales opportunities.

These sessions will provide an opportunity to discuss how to successfully develop applications that meet Rural Development's underwriting standards for transfers, MPR deals, and new construction that meets our new "Super Green" goals. The sessions will provide insight into the roles and responsibilities of area and State Office underwriters as well.

Date	Location	Contact Person
May 19-21, 2010	The World Trade Center Portland, Oregon	Rod Hansen 503-414-3353
May 26-28, 2010	Madden's Resort Brainerd, Minnesota	Karen Thompson 651-602-7820
June 2-4, 2010	Embassy Suites Concord, North Carolina	Beverly Casey 919-873-2055
June 29-July 1, 2010	The Desmond Hotel Albany, New York	Celeste Frohm 585-394-0524
August (Dates - TBD)	To Be Decided New Orleans, Louisiana	Yvonne Emerson 318-473-7962

EXPIRATION DATE:  
April 30, 2011

FILING INSTRUCTIONS:  
Housing Programs

Topics of discussion for the various conferences include, but are not limited to the following:

Underwriting using TCAP/TCEP/Exchange (ARRA)	Paths to Preservation - to include MPR, transfers, prepayment and 538
New Construction Super Green Initiatives	Underwriting Principles
CNAs and the CNA Review Process	DOE Weatherization Funds
Understanding Agency Priorities/Purposes/Goals	Appraisal Issues, Statement of Work, Review & Use
MPR Principles - Timing, Types, Limitations, Available Tools and Basic Feasibility Thresholds; how to set a sales price	Other Funding Resources - State Agencies; Regional & National Resources, Grants, FHLB, HUD/FHA, etc.

This is an excellent opportunity for Owners and Buyers to meet with both Rural Development's State and National Office representatives and industry partners such as; but not limited to, the National Association of Housing and Redevelopment Officials (NAHRO), the Council for Affordable Rural Housing (CARH), Federal Home Loan Bank (FLHB), State Housing Finance Agencies, the Housing Assistance Council (HAC) and the Enterprise Institute.

Rural Development hopes that these meetings will result in and foster a greater understanding of revitalization principles involved in saving the MFH portfolio. To this end, State Directors and Program Directors should ensure wide dissemination of this Unnumbered Letter and; to the extent possible, encourage their staffs to attend and participate to bring their unique knowledge of their State's housing programs and issues to the table. Depending on the agenda and generally speaking, the first day focused on providing Rural Development staff with additional policy and program guidance. Participation in these sessions may be used as a means to accomplish the outreach, training or communicating strategic objectives contained in State Directors elements and standards as well as this year's Strategic Goals.

Information about each meeting will be posted to our public and internal websites as plans are finalized. We ask that you check the websites before contacting those persons listed above. Our public website is: <http://www.rurdev.usda.gov/rhs/mfh/MPR/MPRHome.htm>. Our internal website is: <https://mfhdemoteam.sc.egov.usda.gov/MPR2009/default.aspx>; once there, look for the "MPR 2010 Documents" link.



United States Department of Agriculture  
Rural Development

APR 6 2010

SUBJECT: Cultural Transformation Listening Tour

TO: National Office Officials  
State Directors

ATTN: Administrative Program Directors  
Human Resources Managers

FROM: *for* Sherie Hinton Henry  
Administrator  
Operations and Management

A handwritten signature in black ink that reads "Clyde Thompson". The signature is written in a cursive, flowing style.

Secretary Vilsack recently sent a message about the United States Department of Agriculture's (USDA) Cultural Transformation effort with a kickoff on **March 31, 2010**. Under the direction of Secretary Vilsack, USDA will have six listening sessions to gather as much feedback as possible from employees regarding the five preliminary recommendations the Cultural Transformation taskforce identified as some key areas for improvement. The Washington, DC session was led by Secretary Vilsack, and the state sessions will be led by an Under Secretary and a member of the Transformation Taskforce. The sessions will be facilitated by an outside consultant who will capture information and submit a final report at the conclusion of the listening sessions.

The sessions will be two hours and will take place at an optimal time for the greatest number of employees to participate. The goals of the sessions are to:

- Provide a platform for employee input so they will be heard in the cultural transformation process;
- Glean insights from employees so their perspective is understood with the goal of incorporating key insights into the implementation efforts; and
- Provide an opportunity for Sub-Cabinet officials to engage with employees and provide leadership for the transformation effort.

EXPIRATION DATE:  
April 30, 2011

FILING INSTRUCTIONS:  
Administrative/Other Programs

1400 Independence Ave, SW • Washington, DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Sessions are scheduled to take place from 10:00 am to 12 Noon at the following locations (See attachment for details on locations.):

<u>SESSION</u>	<u>DATE</u>	<u>VENUE</u>
Davis, CA	April 7	The Varsity Theater
Kansas City, MO	April 14	Adams Point Conference Center, Courtyard by Marriott
Denver, CO	April 21	Sheraton Hotel
Raleigh, NC	April 28	McKimmon Center and Training Center, North Carolina State University
Amherst, MA	May 5	University of Massachusetts Campus Center Auditorium-Amherst, MA

USDA is committed to fulfilling its legal obligations under the Federal Labor Management Relations Statute, applicable collective bargaining agreements, and Executive Order 13522, Creating Labor-Management Forums to Improve Delivery of Government Services, in the implementation of any recommendations from the Cultural Transformation Taskforce or with regard to any changes to conditions of employment that might ultimately result from this initiative.

Those employees who are within a reasonable commuting area (100 miles of a session site), are invited to attend the session closest to you. Travel costs incurred must be absorbed within your Agency budget. Employee participation in the program will depend on release time granted by supervisors and, as applicable, in accordance with collective bargaining agreements. To register, please visit <http://osec.wctllc.com/register>. Please note that space is limited. Registration for all sessions will close at 11:59 pm EST the day prior to the session taking place.

Employees who are unable to attend any of the live listening sessions will still be able to participate in a number of ways:

- All listening sessions will be recorded and made available for viewing online.
- At a later date, Secretary Vilsack will hold a nationwide conference call with employees.
- After each listening session, employees can share recommendations using the online survey at <http://osec.wctllc.com/survey.jsp> for up to 48 hours. Please use the PIN# associated with your listening session to logon.

<u>LISTENING SESSION</u>	<u>DATE</u>	<u>PIN#</u>
Davis, CA	April 7	04072010
Kansas City, MO	April 14	04142010
Denver, CO	April 21	04212010
Raleigh, NC	April 28	04282010
Amherst, MA	May 5	05052010



If you have any questions, please contact Patrick Coates at (202) 692-0168 or by email [Patrick.Coates@wdc.usda.gov](mailto:Patrick.Coates@wdc.usda.gov).

Attachment (on PDF Version)

Sent by electronic mail on **April 6, 2010**, at **5:20 p.m.** by Human Resources.  
National Office Officials and State Director shall notify other personnel as appropriate.





# Save The Date

## USDA Cultural Transformation Employee's Listening Sessions

10:00 a.m. – 12:00 noon

### **March 31**

1400 Independence Ave., SW  
Washington, DC  
Led by Secretary Vilsack

### **April 7**

The Varsity Theater  
616 Second Street  
Davis, CA  
Led by Mr. Pearlie Reed

### **April 14**

Adams Point Conference Center  
Courtyard by Marriott  
Western Ballroom  
1500 North East Coronado Dr.  
Blue Springs, MO  
Led by Under Secretary  
James Miller

### **April 21**

Sheraton Hotel  
City Lights Conference Room  
360 Union Boulevard  
Lakewood, CO  
Led by Under Secretary  
Harris Sherman

### **April 28**

McKimmon Center & Training Ctr.  
NC State University  
1101 Gorman Street  
Raleigh, NC  
Led by Under Secretary  
Ed Avalos

### **May 5**

University of Massachusetts  
Campus Center Auditorium  
One Campus Center Way  
Amherst, MA  
Led by Under Secretary  
Dallas Tonsager

MARK YOUR CALENDAR

April 16, 2010

TO: State Directors  
Rural Development

ATTN: Program Directors  
Single Family Housing

FROM: Richard A. Davis (*Signed by Richard A. Davis*)  
Acting Deputy Administrator  
Single Family Housing

SUBJECT: Section 502 New Rates and Terms Assumptions

As per HB 3550-1, Section 502 loans may be assumed. The terms and conditions of the assumption depend upon the eligibility of the new purchaser.

The HB provides that in order to conserve the Agency's budgetary resources, the transaction typically does not involve paying off the old loan and issuing a new initial loan. Instead, the purchaser assumes the outstanding debt, which is reamortized at new rates and terms. If the new purchaser and the property are eligible for the Section 502 program, the loan can be assumed on program terms.

New rates and terms assumptions increase the complexity of our loan processing. Normally, this is considered an acceptable trade-off since this practice helps conserve funds. However, in recognition of the additional complexity and work needed to process an assumption, the Agency is placing a moratorium on new rates and terms program assumptions.

Effective immediately, when the new purchaser and the property are eligible for the Section 502 program, the loan may be processed as a new loan. In other words, for the balance of FY 2010, existing loans would be paid in full with new loan proceeds.

State Offices with questions on this Unnumbered letter may contact the Single Family Housing Direct Loan Division at 202-720-1474.

EXPIRATION DATE:  
September 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

April 16, 2010

TO: State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors

FROM: Richard A. Davis (*Signed by Richard A. Davis*)  
Acting Deputy Administrator  
Single Family Housing

SUBJECT: 2010 Area Loan Limit Implementation

As outlined in 7 CFR 3550.63 (a) (1) (v), area loan limit data will be updated at least annually.

The original effective date of the updated area loan limits was to be April 15, 2010. The area loan limit packages submitted by the state offices are currently under review. To provide for an orderly implementation, we are revising the effective date for the 2010 Area Loan Limit implementation to be May 3, 2010.

We have received a number of questions about how to handle cases where the loan limit is decreased and there is an outstanding certificate of eligibility. HB-1-3550, Paragraph 4.25 states that "certificates of eligibility will be honored even if loan limits change before the expiration of the commitment. Up to two 30 day extensions may be granted for applicants who demonstrate that they have been actively looking for a property. Area loan limits changes must be considered on any certificate of eligibility extension." Existing certificates of eligibility issued prior to May 3, 2010 should be honored. However, any extension should consider the new loan limit.

Questions regarding this memorandum may be directed to Chris Ketner, Senior Loan Specialist at 202-690-1530.

EXPIRATION DATE:  
May 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

April 16, 2010

SUBJECT: Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,  
Rural Development Managers,  
and Area Directors

ATTN: Rural Housing Program Directors

The following interest rates, effective May 1, 2010, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
<b>ALL LOAN TYPES</b>		
Treasury Judgement Rate	0.340%	0.420%

The new rate shown above is as of the week ending March 26, 2010. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve website for the weekly average 1-year Constant Maturity Treasury Yield ([http://www.federalreserve.gov/releases/h15/data/Weekly\\_Friday\\_/H15\\_TCMNOM\\_Y1.txt](http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y1.txt)).

**RURAL HOUSING LOANS**

Rural Housing (RH) 502 Very-Low or Low	4.875	4.875
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EXPIRATION DATE:  
May 31, 2010

FILING INSTRUCTIONS:  
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	5.375	5.375
Rural Housing Site (RH-524), Non-Self-Help	4.875	4.875
Rural Rental Housing and Rural Cooperative Housing	4.875	4.875

Please notify appropriate personnel of these rates.

*(Signed by Tammye Trevino)*

TAMMYE TREVINO  
Administrator  
Housing and Community Facilities Programs

Sent by electronic mail on 28/2010 at 10:00 am by PAD.  
State Directors should advise other personnel as appropriate.

April 19, 2010

TO: State Directors  
Rural Development

ATTENTION: Program Directors  
Single Family Housing

FROM: Richard A. Davis (*Signed by Richard A. Davis*)  
Acting Deputy Administrator  
Single Family Housing

SUBJECT: Increase in the Appraisal Fee for  
Direct Single Family Loans to \$425.00.

Effective April 15, 2010, the appraisal fee charged to single family direct loan applicants increased to \$425. The change in the appraisal fee can be found in HB-1-3550 Paragraph 5.22, "Paying for Appraisals." The new fee amount is the result of a survey conducted regarding appraisal costs in the field. The average appraisal cost using a weighted average of State costs is \$425.

The new appraisal fee will be phased in. Applicants who received a valid settlement cost estimate prior to the increase will be charged the fee as per the estimate. Beginning April 15, all new settlement cost estimates will use the new cost of \$425.

The new appraisal fee of \$425 will be inserted on the new HUD standardized Good Faith Estimate (GFE) in block number three (3). The new appraisal fee of \$425 will also need to be inserted on the new HUD-1, Settlement Statement by the preparer.

Questions regarding this unnumbered letter may be directed to Chris Ketner, Senior Loan Specialist at 202-690-1530.

EXPIRATION DATE:  
September 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

April 20, 2010

SUBJECT: Maria Edwards  
Chief, Field Services Branch

TO: National Office Officials  
State Directors

ATTN: Administrative Program Directors  
Human Resources Managers

FROM: Sherie Hinton Henry /s/ *Sherie Hinton Henry*  
Administrator  
Operations and Management

I am pleased to announce Maria Edwards as the new Chief, Field Services Branch in St. Louis, Missouri. Ms. Edwards was selected on March 28, 2010. She is responsible for the overall coordination and management of the Field Services Branch which provides human resources services to the 47 State Offices and Centralized Servicing Center.

Ms. Edwards comes to Rural Development with a wealth of experience in human resources. She has served in positions such as the Labor Relations Officer for Scott Air Force Base, Civilian Personnel Officer for Nellis and Andersen Air Force Bases, and the Director of Human Resources for the Naval Air Station.

EXPIRATION DATE:  
April 31, 2011

FILING INSTRUCTIONS:  
Administrative/Other Programs



We are very happy to have Ms. Edwards join us at Rural Development to help us build on our commitment to America's rural residents and their communities.

Ms. Edwards can be reached at 314-457-5561 or by email at [maria.edwards@stl.usda.gov](mailto:maria.edwards@stl.usda.gov).

Sent by electronic mail on 04/27/10 at 1:00 p.m. by Human Resources.  
State Directors and National Office Officials should advise other personnel as appropriate.

April 20, 2010

SUBJECT: Roger Glendenning  
Budget Director

TO: National Office Officials  
State Directors

ATTN: Administrative Program Directors  
Human Resources Managers

FROM: Sherie Hinton Henry /s/ *Sherie Hinton Henry*  
Administrator  
Operations and Management

I am pleased to announce Roger Glendenning as the new Budget Officer for the Budget Division located in Washington, D.C. Mr. Glendenning was selected on April 11, 2010. He is responsible for directing the budget program for Rural Development. The Budget Division performs the full life cycle of budget work and legislative requirements that support Rural Development's loan, grant, technical assistance and administrative activities.

Mr. Glendenning previously served as Director, Single Family Housing Guaranteed Loan Division. He also served as acting Chief Budget Officer in Operations and Management providing critical support and coordination for the Office of the Under Secretary on Rural Development budget matters. Mr. Glendenning has a Bachelor of Arts degree in Economics from Pennsylvania State University, and a Masters of Science Degree in Agriculture Economics from the University of Delaware.

EXPIRATION DATE:  
April 31, 2011

FILING INSTRUCTIONS:  
Administrative/Other Programs

We are very happy to have Mr. Glendenning join the Budget Division.

Mr. Glendenning can be reached at 202-692-0145 or by email at [roger.glendenning@wdc.usda.gov](mailto:roger.glendenning@wdc.usda.gov)

Sent by electronic mail on 04/27/10 at 1:00 p.m. by Human Resources.  
State Directors and National Office Officials should advise other personnel as appropriate.

April 22, 2010

TO: State Directors  
Rural Development

ATTN: Community Program Directors

FROM: Tammye Treviño (*Signe by Kathy McEntee*)  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Workout Agreements and Community Programs Reporting Requirements

This memorandum is to clarify servicing requirements on Community Facilities Guaranteed Loans and to establish supplemental reporting requirements for Rural Development State Offices. While the Community Facilities participating lender is ultimately responsible for the servicing on guaranteed loans, National and State Office staffs have been very involved with lenders and borrowers in establishing workout agreements in problem loan situations that have resulted in Community Facilities maintaining a respectable delinquency rate. Workout agreements that modify loan repayment are a good tool to use early in problem loan situations, but it requires close monitoring by lenders and Rural Development staff. Rural Development staff should provide guidance to their lenders on the manner in which these loans should be reported to the Agency.

Rural Development State and Area Office staffs should establish and maintain a solid working relationship with their lenders. In a situation where the borrower is in compliance with a workout agreement and the loan has not been reported previously by the lender as in default, the loan should be reported as current through the lender's "Guaranteed Loan Status Report", Form RD 1980-41. If the borrower has been reported as in default on Form RD 1980-44 "Guaranteed Loan Borrower Default Status", then if in compliance with a workout agreement, the loan may be removed from default status by reporting it as reinstated and current, using code 13. The only situation that would prevent the loan from being reinstated as current would be if an estimated loss loan claim had been paid on the loan.

The National Office is closely monitoring delinquencies on a national basis in light of the pressures our borrowers may be experiencing in the current economic climate. Rural Development State Offices are required to report quarterly, in writing, as directed in

EXPIRATION DATE:  
April 30, 2011

FILING INSTRUCTIONS:  
Community/Business Programs

RD 3575-A § 3575.75 (d) and the Unnumbered Letter dated July 2, 2009, under the subject of “Servicing Requirements for Community Facilities Guaranteed Loans.” Using the format provided in the July 2, 2009, Unnumbered Letter, the reports on delinquent and problem loans are to be submitted by the 20<sup>th</sup> day of January, April, July and October, to Kendra Doedderlein, Community Programs Specialist at the National Office. Additionally, the National Office will be in contact by telephone with Rural Development State Offices to follow these loans monthly.

The National Office is available to provide further guidance on this memorandum or any problem loan situation by contacting Kendra Doedderlein, Community Programs Specialist at (202) 720-1503.