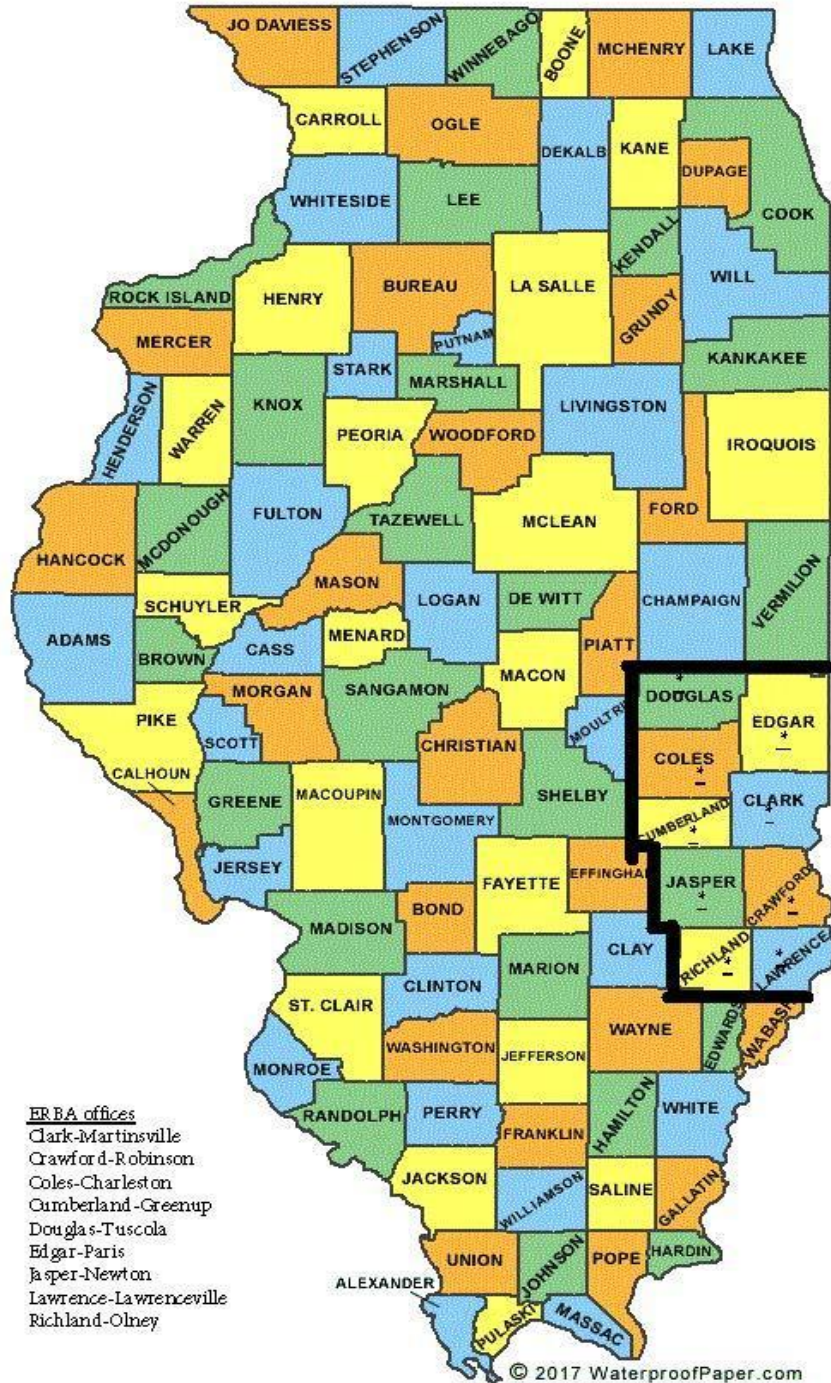


ERBA

Embarras River Basin Agency, Inc.
Helping People, Changing Lives



ERBA and USDA Certified Loan Packaging



ERBA offices

- Clark-Martinsville
- Crawford-Robinson
- Coles-Charleston
- Cumberland-Greenup
- Douglas-Tuscola
- Edgar-Paris
- Jasper-Newton
- Lawrence-Lawrenceville
- Richland-Olney

Embarras River Basin Agency, a Community Action Agency, covers 4067 square miles in nine Southeastern Illinois counties



Today's Presenter:

Sandy Deters

Housing Coordinator Embarras River
Basin Agency (ERBA)

-Hired 8/2016 as PT Housing
Counselor

- Department Head Coordinator in
2021.

Why partner with USDA?

- ▶ To Keep my Job!
- ▶ Increase capacity for our housing counseling department
- ▶ Assist clients
- ▶ Receive UNRESTRICTED funds.



Our problem and how we solved it...

ERBA's clients needed assistance buying a home or getting repairs. We began to look for options...and partnered with the USDA.

Steps to certified loan packaging.

Sacha will cover this in her slides.

Contact state and local USDA office

Contact local intermediary for packaging

502 Packager Training :

<https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>

Complete USDA certified loan packager application

Approval and MOU

E authentication for eForms



United States
Department of
Agriculture

Rural Development



Section 502 Direct

Certified Loan Application Packaging Process

Single Family Housing Direct Programs

<https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>



▶ ERBA was the First Certified Loan Packager in Illinois.

▶ 2022 Partner of the Year Award



You are certified now what?

Market USDA 502 and 504 programs

- ▶ Word of Mouth- Easiest, cost effective
- ▶ Outreach office - flyers & client survey
- ▶ Interagencies
- ▶ Social Media
- ▶ Home Buyer Education classes
- ▶ News Releases
- ▶ Realtors
- ▶ Contractors
- ▶ Health Care Providers/Health Dept
- ▶ Senior Center

This simple questionnaire created 500 intakes!



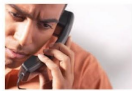
Embarras River Basin Agency, Inc.
Helping People, Changing Lives

If any of the answers are "YES", please email this sheet and the customer intake to sandyd@erbainc.org

Questions for housing counseling program:	YES/NO
Home Owners	
If customer owns the home:	
- Are you behind or at risk of getting behind on your mortgage payments? (HHF program)	
- Do you need any repairs done to your home? Ex: Roof, windows, insulation, ramps... (Income based programs - USDA/Ameren/ERBA Weatherization)	
- Are you paying a high interest rate?	
- Property Tax Savings – Check into getting General homestead, Senior Citizen, Senior Freeze, Disabled, Veteran exemptions – call your local county treasures office.	
If customer does not own the home:	
- Would you like to own a home? ERBA offers Pre-Purchase counseling	
Budget	
- Do you have trouble paying your essential bills each month?	
- Would you like help with budgeting and build an emergency savings?	
Credit	
- Would you like to have your credit score checked?	
- Would you like help restoring your credit?	

We use the USDA flyers at outreach events, outreach staff, senior centers, health departments, hospital discharge planners

Who can I call for more information?



Call for more details.

Katie Devall 217-961-0834 covering Coles, Cumberland, Douglas and Edgar counties

Maicie Myers 618-847-0466 covering Clark, Crawford, Jasper, Lawrence and Richland counties

Rural Development continues to be one of the best sources for repair funds for eligible homeowners.

Revised April 2023



At USDA Rural Development, we don't work for the government; we work for the people! We dream big and work hard, just like the citizens we serve!



Equal Opportunity Lender

The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an Equal Opportunity lender, provider, and employer.



Home Repair Loans & Grants





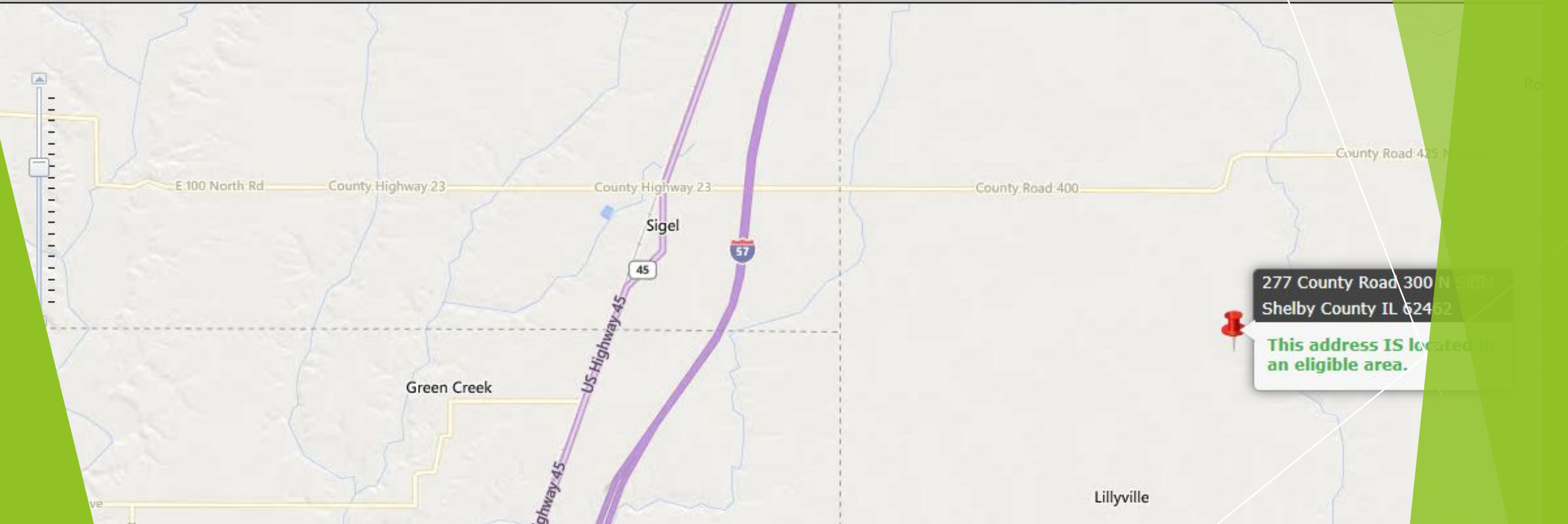
Process

- ▶ Get ready - phone will start ringing.
- ▶ HUD Housing counseling guidelines
- ▶ Email (we use Jot Forms) or mail packet
- ▶ Complete a 1:1 session - Check to see if they qualify for any program - BEFORE they gather all the documents.
- ▶ Stack USDA with other grants or programs (Ameren, Aging in Place, CDBG grants)
- ▶ Track our USDA loans with spreadsheet
- ▶ Upload USDA application and documents to eForms, fax or secure email
- ▶ USDA review. (needed documents or clarification) Approval or denial made by USDA.



USDA links

- ▶ What is USDA rural area?
- ▶ <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfpd>
- ▶ USDA 502 Home loan and 504 Grant Loan income limits:
- ▶ <https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf>
- ▶ Packager site:
- ▶ <https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>





Win-Win-Win

- ▶ First and foremost - #1 Huge win for our clients. #2 Helps USDA workload and #3 ERBA generates UnRestricted income
- ▶ ERBA has assisted the USDA with over 150 home or repair loans and/or grants
- ▶ Health and safety issues resolved (roofs, mold, septic...) Repairs help improve health of clients
- ▶ Nearly 3.5 million dollars back into the community. Increased property tax base, local materials and labor were used

Packager Fees

ERBA has received nearly \$90,000 in unrestricted income

Example: \$1750 for 502 home loan and \$750 for 504 grant



Your opinion is very
important to us!



thank you!



Do you have questions?

Sandy Deters

Housing Counseling Coordinator

Embarras River Basin Agency (ERBA)

400 W Pleasant Street Greenup, IL 62462

217-331-7031 sandyd@erbainc.org



United States
Department of
Agriculture

Rural Development



Section 502/504 Direct Programs

Certified Loan Application Packaging Process

Presented by: Sacha Pruett, Single Family Housing Loan Specialist

Revision Date: 10/18/24

Affordable Housing: A Shared Mission



Partners in the
Community



Single Family Housing Programs

Single-Family Housing 502 Direct Loans

- Rural Areas
- 80% of median income (income limits vary by county)
- Purchase, build, repair, or refinance (limited)
- No down payment
- Repayment Ability/Good Credit
- Typically a 33 year loan with Fixed interest rate
- Payment Assistance
- Maximum Loan Amount - \$398,600
- Modest Housing



502 Guaranteed Rural Housing Loan

- Up to 115% of median income
- Good credit history
- Loan on Lender's terms
- Purchase, build or refinance
- No down payment
- Up front fee and an annual fee, but no private mortgage insurance

* Informational – GRH Loans unable to be packaged

504 Repair Program

- Up to 50% of median income (Very Low)- Income Limits vary by county.
- Remove health/safety hazards, repair, improve, hook up utilities, etc.
- Loan interest rate fixed at 1%
- Loans are 20-year term
- Loans can be up to \$40,000
- Eligible Seniors (62+), may qualify to obtain a grant up to \$10,000
- Loans and grants may be combined for up to \$50,000 in Section 504 assistance (provided the applicant is grant eligible)



Sample 504 Repair Loan Payments

20 Year Term

\$20,000 = \$92.00

\$10,000 = \$46.00

\$ 5,000 = \$23.00

* Payment could be higher if we need to escrow for taxes and insurance

Eligible 504 Repair Program Funds Usage

504 Loan

(eligible very low income homeowners)

Flexible use – repairs and modernization

- Same safety and health items that can be completed with Grant funds
- Cosmetic items such as: interior/exterior paint, flooring, system upgrades
- “remodel” items such as modernizing kitchen/bath

504 Grant

(eligible very low income Senior homeowners)

Limited use - Health/Safety Issues ONLY

- Structural issues
- Primary Heat source
- Water/Sewage Disposal (including hookup and assessment fees)
- Electrical, Plumbing Repairs
- Roof/Weatherization
- Disability Accommodations

Basic Property Requirements for 502 & 504 Programs

- Located in a Rural Area (use eligibility website to determine)
- Modest Home
 - Market Value under the area loan limit
 - Stick Built, Modular or Manufactured
- No prohibited Features
 - In ground swimming pool
 - Income producing property
- Hazard insurance required for 502 home purchase; must be able to obtain flood insurance if located in a flood zone
- May be on fee simple, leased land, community land trust, tribal land, etc.

Property and Income Eligibility Website

For both 502 and 504 programs, this website can be used to determine income and property eligibility:

<http://eligibility.sc.egov.usda.gov/eligibility/>

The screenshot shows the USDA Eligibility website interface. At the top left is the USDA logo with the text "United States Department of Agriculture Rural Development". At the top right is a "Contact Us" link with a dropdown arrow. Below the logo is a dark blue navigation bar with "Home" and "Tutorials" links. A horizontal menu below the navigation bar lists various program categories: "Single Family Housing Guaranteed", "Single Family Housing Direct", "Multi-Family Housing", "Rural Business", "OneRD Guarantee Loan", "Water and Environmental Guaranteed (Part of the OneRd Guarantee Loan Initiative)", and "Water and Environmental Direct (Part of the OneRd Guarantee Loan Initiative)". Below this menu is another horizontal menu with "Self-Assessment", "Income Limits", "Loan Basics", "Property Eligibility" (highlighted in blue), and "Previous Eligibility Areas". A green banner below the menu reads "Rural Housing Services". A white box with a black border contains the "Property Eligibility Disclaimer" text. At the bottom right of the disclaimer box are "Accept" and "Decline" buttons.

USDA United States Department of Agriculture Rural Development

Contact Us ▾

ELIGIBILITY

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business OneRD Guarantee Loan Water and Environmental Guaranteed (Part of the OneRd Guarantee Loan Initiative) Water and Environmental Direct (Part of the OneRd Guarantee Loan Initiative)

Community Facilities Guaranteed (Part of the OneRd Guarantee Loan Initiative)

Self-Assessment Income Limits Loan Basics **Property Eligibility** Previous Eligibility Areas

Rural Housing Services

Property Eligibility Disclaimer


Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development rural area requirements. Rural Development, however, does not guarantee the accuracy, or completeness of any information, product, process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of a complete application. Viewing eligibility maps on this website does not constitute a final determination by Rural Development. To proceed with viewing the eligibility map, you must accept this disclaimer.

Accept Decline

Property and Income Eligibility Website (cont.)



Map Legend

 Ineligible Areas

Becoming a Packager – 502 Home Purchase Program

Benefits of Packaging

- Provide outreach and presence in counties where a Field Offices are not located
- Promote the program in underserved areas
- Prescreen potential applicants thus save on turnaround times
- Counsel potential applicants on how to improve their ability to qualify for a home
- Ensure that applications are complete and accompanied by the supporting documentation needed for the Agency's decision
- Give applicants insight into the Agency's application process and regulations
- Assist applicants with property documentation
- Packager fee can be charged through to the applicant

The packaging process partnership extends Rural Development's reach. Working together, we can potentially deliver more affordable homeownership options in rural areas.

Purpose of the Certified Packaging Process

- Knowledgeable third parties engaged in the certified packaging process help ensure that:
 - Rural residents are made aware of homeownership opportunities offered through the Agency
 - Potential applicants are guided through the application process
 - Application packages received by Rural Development (RD) have undergone a Quality Assurance Review (QAR)

Direct Program Packaging Types

Packaging Type	Permissible Packaging Fee	Regulated by 7 CFR Part 3550	Eligible Loan Purpose?	Access to National Office Reserve?
Certified Packaging Body Via An Intermediary	Up to \$2,000 split between certified packaging body and intermediary	Yes 3550.52 (d)(6) and 3550.75	Yes	Yes
Certified Packaging Body Without An Intermediary	Up to \$1,750	Yes 3550.52 (d)(6) and 3550.75	Yes	No
Intermediary Acting As Certified Packaging Body	Up to \$1,750	Yes 3550.52 (d)(6) and 3550.75	Yes	Yes
Approved Non-Certified Application Packager	Up to \$750	Yes 3550.52 (d)(6)	Yes	No
Other Packaging Arrangements	Not regulated and discouraged when a fee is charged	No	No. Agency reviews impact of fee and determines if it adversely impacts applicant	No

Who are the parties involved in the certified packaging process?

- **Agency-certified loan application packager**: An individual that meets the requirements of § 3550.75 (b)(1).
- **Qualified employer**: An affordable housing nonprofit organization, public agency, tribal housing authority, or State Housing Finance Agency that meets the requirements of § 3550.75 (b)(2).
- **Agency-approved intermediary (502s only)**: An affordable housing nonprofit, public agency, or State Housing Finance Agency approved by RD to perform quality assurance reviews on packages prepared by certified packaging bodies.

What is the role of the certified packager?

- Market the Section 502/504 direct programs
- Meet with potential applicants
 - Discuss income/credit/program requirements
 - If potential applicant does not appear eligible, provide counseling to assist with future eligibility
- For potential applicants who appear eligible
 - Submit all documentation to RD,
 - For 502 applicant it is sent via an intermediary (unless the certified packaging body was approved by the applicable RD State Director for an opt-out), necessary for an eligibility determination to be made
 - Once eligibility has been determined, assist applicants to assemble documentation needed by the agency depending on which program.

How do you become a certified packager?

- Have at least one year of affordable housing loan origination and/or affordable housing counseling experience; and be employed by a qualified employer
- Complete an Agency approved 3-day classroom training course or online course and pass the corresponding test
- Packagers have one year from the date of being added to the certified packaging process to complete the course and pass the test. They may charge the full fee and submit applications during this time, provided they are submitting via an intermediary, or have qualified for a State Director approved opt-out

What is a qualified employer?

- An affordable housing nonprofit organization, public agency, tribal housing authority, or State Housing Finance Agency that meets the requirements outlined in § 3550.75 (b)(2)
 - Tribal housing authorities and the States' Housing Finance Agencies are eligible and are exempt from certain requirements
- Is involved in the certified loan application packaging process under the Section 502 program
- Again, the combination of the certified packager and the qualified employer is referred to as the certified packaging body

What is the role of the Agency?

- Upon receipt of a packaged loan application, the Agency will:
 - Process the application in accordance with program guidance.
 - Inform the packager or intermediary (if present for 502) when critical processing activities have occurred, based on how the disclosure was completed by the applicant.
 - Share information with the packager or intermediary (if present for 502) as information is shared with the applicant and when critical processing activities have occurred.

Becoming a Packager – 504 Repair Program

504 Home Repair Program Packaging

- Stay informed of RD 504 regulations
- Must work for a public and private nonprofit entity
- Sign an MOU between packager and RD State Office
- Intake and Assembly of Complete Application Package

Permissible packaging fee amount up to \$750



504 Home Repair Program Packaging Resources

[Single Family Housing Repair Loans & Grants](#)
[| Rural Development \(usda.gov\)](#)

Direct Home Loans ARPA

Homeowner Assistance Fund
FAQs

Telecommunications Programs

Water & Environmental Programs

Cooperative Services

Services

Newsroom

Resources

Contact Us

Overview **To Apply** Other Requirements Contact Events

NOTE: Please select your state using the "Select your location" menu above. By doing so, any state specific forms and resources will be shown above this note.

Applicant Resources:

Applicants interested in applying for a repair loan or grant can contact their local [Rural Development office](#) and provide the following documentation:

- Form RD 410-4, [Uniform Residential Loan Application](#)
- Form RD 3550-1, [Request for Information](#)
- Form RD 3550-4, [Employment and Asset Certification](#)
- All application items listed in [Attachment 12-E Checklist](#)

Borrower Resources:

- [Homeowners Information Guide](#) - English version
- [Homeowners Information Guide](#) - Spanish version

Rural Development Staff and Application Packager Resources:

- The [504 Automated Worksheet](#) is a tool designed to identify what type of assistance a homeowner may receive; however, is not a final eligibility determination. The tool can be used to package 504 loans and grants.
- Repair packagers are not subject to the certified packaging process for purchase loans. Information regarding the 504 packaging process can be found in [HB-1-3550, Chapter 3, Attachment 3-A](#).
- Repair packagers must sign a [Memorandum of Understanding \(MOU\)](#) with the [State Office](#).
- Allowable packaging fees to any public, tribe or private nonprofit organizations may be included in repair loans and grants.
- Packagers are encouraged to visit the [Direct Loan Application Packagers](#) page for information and resources specific to packaging Section 502 Home Purchase Program.
- Eligibility for repair assistance considers the applicant's age, household income, and Total Debt (TD) ratio. To qualify for a grant, the applicant must be 62 or older.

Packaging Partnership Recap

- The certified packaging process partnership extends Rural Development's reach
- Your entity can charge a fee for your packaging services
- Working together, we can potentially deliver more affordable homeownership options in rural areas

Direct Loan Application Packagers website Resources

- How to Become an Intermediary
- Role of the Intermediary
- Becoming a Certified Packager
- Packaging Fact Sheet
- Intermediary Map
- Trainings & Other Resources

[Direct Loan Application Packagers | Rural Development \(usda.gov\)](https://www.usda.gov/direct-loan-application-packagers-rural-development)

Direct Loan Application Packagers

HOME > PROGRAMS & SERVICES > SERVICES

About RD

State Offices

Programs & Services

Newsroom

Resources

Contact Us

[7 CFR 3550](#) | [Handbook-1-3550](#) | [Attachment 3-A](#) | [eForms](#) | [Income and Property Eligibility](#) | [Interest Rates](#)

The information on this page is provided to assist packagers and intermediaries of the Section 502 Direct Loan program. The content will be reviewed and updated as appropriate. To view the content on this page, make sure you have the appropriate technology/software installed on your computer. For information specific to Section 504 Loan and Grant Packaging, please visit [here](#).

Upcoming Certified Loan Application Packaging Trainings

Please visit [502 Loan Application Packager Training \(usda502directtraining.org\)](https://usda502directtraining.org) for a calendar of events and registration information for trainings that are provided by approved non-Agency trainers.

Trainings

[Program Overview](#)

[Pre-qualification and Application Processes](#)

Determining Income

- [Annual](#)
- [Adjusted](#)
- [Repayment](#)

[Worksheet for Computing Income & Max Loan Calculator](#)

[Credit Requirements](#)

[eForms Application Process \(Video, User Guide\)](#)

[Role of the Intermediary \(Video\)](#)

[How to Become an Intermediary \(Video\)](#)

[Certified Loan Application Packaging Process](#)

[Becoming a Certified Packager \(Video\)](#)

Resources

[Sign Up for GovDelivery](#) (e.g. email updates for program information and Loan Packaging Express newsletters)



Honey Lynn Arnold
502 Direct Loan:
Packaged by Embarras River
Basin Agency, Inc. in Illinois



Roslynn Smith
502 Direct Loan:
Packager worked with RD and
Habitat for Humanity



New Roof in Crawford County
504 Repair Grant:
Packaged by Embarras River Basin
Agency, Inc. in Illinois





New HVAC and Duct Work in
Richland County
504 Repair Loan/Grant:
Packaged by Embarras River Basin
Agency, Inc. in Illinois

Bridging the Gaps

With our combined resources, we can make a significant difference in the lives of our applicants and stimulate economic growth in our communities



We look forward to collaborating with you!

Single Family Housing

Please contact us with any questions

Meleah Smith, SFH Program Director
217-403-6229 or meleah.smith@usda.gov

Angela Gardner, SFH Specialist
217-403-6226 or angela.gardner@usda.gov

Sacha Pruett, SFH Specialist & HPG Coordinator
815-595-3103 or sacha.pruett@usda.gov



United States
Department of
Agriculture

Rural Development



**Are you interested in learning more
about Rural Development programs?**

Please contact your applicable RD State Office.

<https://www.rd.usda.gov/contact-us/state-offices>

USDA is an equal opportunity provider, employer, and lender.

Single Family Housing Repair Loans and Grants

What does this program do?

Also known as the Section 504 Home Repair program, it provides loans to very-low-income homeowners to repair, improve, or modernize their homes, or provides grants to elderly, very-low-income homeowners to remove health and safety hazards.

Who can apply?

To qualify, you must:

- **Be the homeowner and occupy the house**
- **Be unable to obtain affordable credit elsewhere**
- **Have a family income within the very-low-income limit**
- **For grants, be age 62 or older**



Home Repair Program Webpage

What is an eligible area?

Properties must be located in an eligible rural area. You can visit the USDA Income and Property Eligibility website (available at this link: <https://go.usa.gov/xzcdM>) for complete details.

How can funds be used?

- Loans can be used to repair, improve, or modernize homes, or to remove health and safety hazards.
- Grants must be used to remove health and safety hazards.

How much money can I get?

- Maximum loan is \$40,000.
- Maximum grant is \$10,000.
- Loans and grants can be combined for up to \$50,000 in assistance.

What are the terms of the loan or grant?

- Loans are repaid over 20 years.
- Loan interest rate is fixed at 1 percent.
- Full title service is required for loans greater than \$25,000.
- Grants have a lifetime limit of \$10,000.
- Grants must be repaid if the property is sold in less than three years.

Is there a deadline to apply?

Applications are available year-round as long as funding is available, and are processed in the order they are received.

How long does an application take?

Approval times depend on funding availability in your area. Talk to a state or area office-based USDA home loan specialist (a map is available at this link: <https://www.rd.usda.gov/browse-state>) for help with your application.

How do I get started?

Contact a USDA home loan specialist (information is available at this link: <https://www.rd.usda.gov/browse-state>) in your area.

What governs this program?

- The Housing Act of 1949 as amended; 7 CFR, Part 3550 (available at this link: <https://go.usa.gov/xzcvG>)
- HB-1-3550 - Direct Single Family Housing Program Field Office Handbook (available at this link: <https://go.usa.gov/xzcvM> - PDF)

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: <https://go.usa.gov/xJHPE>. You will find additional resources, forms, and program information at <https://rd.usda.gov>.

USDA is an equal opportunity provider, employer, and lender.

Single Family Housing Direct Home Loans

What does this program do?

This program offers mortgage financing to help eligible, low- and very-low-income applicants buy, build, improve, or repair a rural home as their primary residence. The Single Family Housing Direct Loan Program also provides payment assistance – a temporary subsidy – to help increase a borrower’s repayment ability.



QR code: SFH Direct Home Loan Program webpage

Who can apply?

Your adjusted income must be at or below the low-income limit for the area in which you wish to buy a house, and the property must be located in an eligible rural area. Our Income and Property Eligibility website is available at this link: tinyurl.com/RDEligibility.

What are some requirements?

Among other requirements, you must:

- Be without decent, safe housing
- Be unable to get a loan with reasonable terms and conditions from other resources
- Agree to live in the home as your primary residence
- Meet U.S. citizenship or noncitizen requirements

Additionally, properties must:

- Be considered modest for the area
- Not have a market value higher than the area loan limit

- The typical loan payback period is 33 years (38 years for very-low-income applicants unable to afford a 33-year loan term).
- With payment assistance, a monthly mortgage payment can be reduced to as low as a 1-percent interest rate.
- You must repay all or part of any payment assistance you receive over the life of the loan when the property title transfers or you no longer live in the dwelling. You can learn more about subsidy recapture at this link: tinyurl.com/RHS-subsidy.

How do we get started?

Applications are accepted year-round through your local USDA Rural Development office. A list of state offices is available at this link: tinyurl.com/RDStateOffices.

How can funds be used?

Funds can be used to buy, build, repair, renovate, or relocate a home, or to purchase and prepare home sites.

What are some other program terms?

- Down payments typically are not required.
- The maximum loan amount depends on factors such as income, assets, debts, and the amount of payment assistance for which you are eligible.
- Interest rates are fixed and based on current market rates at loan approval or closing, whichever is lower.

What governs this program?

- The Housing Act of 1949, amended; 7 CFR Part 3550 (available at this link: go.usa.gov/xzcvG)
- The Single Family Housing Direct Program Field Office Handbook is available at this link: tinyurl.com/RHS-guides.

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: go.usa.gov/xJHPE. You will find additional resources, forms, and program information at rd.usda.gov. USDA is an equal opportunity provider, employer, and lender.

Last revised September 2024

Certified Loan Application Packaging

Rural Home Loans (Direct Program)

Through the Single Family Housing (SFH) Direct Loan Program, USDA Rural Development offers affordable loans to eligible low- and very-low income applicants looking for modest housing in rural areas. You can learn more about eligible rural areas by visiting the USDA Income and Property Eligibility website at this link: <https://go.usa.gov/xMXP2>

What is a certified loan application packager?

Certified loan application packagers provide an optional service to help prospective rural homebuyers understand and complete the application process. While packagers do not work for or represent USDA, they can advise whether the SFH Direct Loan program is a good fit and help prepare the application. Generally, a fee is charged for this service.

Rural Development supports partnerships with certified loan application packagers because they:

- Help boost the program in underserved areas, and in places without a Rural Development office
- Prescreen and counsel potential applicants on how to improve their ability to qualify for a home loan
- Ensure applications include all supporting documents necessary for the agency to properly evaluate and make sound decisions
- Offer applicants insight into Rural Development's application process and regulations

Are loan application packagers certified by Rural Development?

Yes. Rural Development's certified loan application packaging process requires reasonable experience, training, structure, and performance from the following parties involved in the certified packaging process:

1. A Rural Development-certified loan application packager employed by a qualified employer

2. A qualified employer – for example, an affordable housing nonprofit, public agency, Tribal housing authority, or State Housing Finance Agency (SHFA)
3. A Rural Development-approved intermediary such as an affordable housing nonprofit, public agency, or SHFA approved by Rural Development to perform quality assurance reviews on packages prepared by certified packagers through their qualified employers

What experience is required?

To be a Rural Development-certified loan application packager, you must have at least one year of experience with affordable housing loan origination or affordable housing counseling.

To be a Rural Development-approved intermediary, an organization must have at least five years of verifiable experience with our SFH Direct programs, and then must apply for approval.

What training is required?

Certified loan application packagers and quality assurance staff working for an intermediary must complete a Rural Development-approved loan application packaging course and successfully pass the corresponding test.

This course reviews the SFH Direct Loan Program and its regulations, discusses the program's application process in detail – including borrower and property eligibility and underwriting requirements – and reviews the roles and responsibilities of a certified packager, their qualified employer, intermediaries, and Rural Development staff.

What steps should I take to become a certified loan application packager?

First, familiarize yourself with the certified packaging process by reading [7 CFR 3550.75](#) and [Chapter 3 of Handbook-1-3550](#) (specifically Attachment 3-A). If you meet the experience requirements and work for a qualified employer, you can contact a Rural Development-approved intermediary in your state (available at this link: <https://www.rd.usda.gov/files/RD-SFH-IntermediaryMap.pdf>) to discuss submitting applications through them.

How can my organization become a Rural Development-approved intermediary?

You must provide Rural Development with documentation to demonstrate you meet the conditions specified in [7 CFR 3550.75\(b\)\(3\)](#). See [Chapter 3 of Handbook-1-3550](#) (specifically Attachment 3-A) for a list of necessary documents. Visit our Direct Loan Application Packers webpage (available at this link: <https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>) for additional training and guidance.

How does working with an intermediary benefit certified loan packagers and their qualified employers?

There are many benefits to becoming a certified loan application packager and working with a Rural Development-approved intermediary. Among them:

- The quality assurance reviews conducted by the intermediary ensure that loan application packages submitted to Rural Development are more likely to be determined eligible.

- The intermediary provides supplemental training, technical assistance, and support.
- The permissible packaging fee is up to \$2,000 and is split between the intermediary and the certified packager.
- When program funds are limited, loan applications submitted through an intermediary are given funding priority.
- Partnering with people and organizations that share similar community and housing mission-related goals can provide a sense of professional and personal satisfaction.

Can packagers and their employers choose not to work with an intermediary?

Under the certified packaging process, certified packagers and their qualified employers can work without an intermediary once they have submitted a sufficient number of applications through the intermediary and have exhibited an acceptable performance rating. This arrangement must be supported by the intermediary and approved by the associated Rural Development state director. It's important to note that certified packagers working without an intermediary draw a lower permissible packaging fee and are not given funding priority.

Where can I learn more?

Additional information on the certified packaging process can be found on the Direct Loan Application Packers website, which provides training, resources, and links to program regulations and handbooks, located at: <https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers>.

As the leading federal agency for rural development prosperity, we work to help rural communities grow and prosper.

For additional resources and information about our business, community or housing programs, contact our program specialists at 1-800-670-6553 or visit us online at [rd.usda.gov](https://www.rd.usda.gov).

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