

## SINGLE FAMILY HOUSING

This Exhibit provides Single Family Housing program funding and policy for the use of those funds in Fiscal Year (FY) 2003.

**I. Section 502 Direct RH Loans:**

A. Allocation: Oregon's allocation of subsidized funds available for FY 2003 is \$11,040,000. There will no Area Office suballocation in FY 2003.

B. State Office Reserves and Set-Asides: The State Office reserve will be used to fund subsequent loans in connection with a transfer/assumption of the RHS indebtedness and subsequent loans for essential improvements and repairs, self-help housing and rural home loan partnership's (RHLP). Section 502 Direct RH fund reserve/set-asides are as follows:

<u>Set-aside Category</u>	<u>Very Low-Income</u>	<u>Low-Income</u>
Loan Servicing	\$250,000	\$350,000
Self-Help Housing	350,000	450,000
RHLP	92,500	138,750
Total Set-asides	\$692,500	\$938,750

1. Loan Servicing: When property subject to a 502 RH loan is sold to an eligible applicant, it is Rural Development regulation to transfer by assumption the existing RH loan and process a subsequent RH loan, if needed, to pay equity, finance improvements, and pay other eligible loan costs. **Due to the limited funding, loan leveraging should be used to the maximum extent possible for equity/repair loans**
2. Self-Help/Rural Home Loan Partnership (RHLP): The National Office reserve will fund 75 percent of a self-help and RHLP loan, with the remaining 25 percent funded from the State Office reserve.

C. Leveraging: Because of our limited Section 502 Direct RH allocation, loan leveraging must be used to the maximum extent possible for new/initial loans, equity/repair loans in connection with assumptions and REO. At a minimum, 30% of all low-income and 10% of all very low-income loans made should be leveraged. Loans must be leveraged to the maximum extent possible. **In order to effectively use loan leveraging, the minimum loan provided by the participating lender should be 20% of the total loan.** Leveraged loans have priority over non-leveraged loans.

D. State Office Pooling: Funding will be reviewed July 1, 2003 to determine if changes are necessary to fully utilize our allocation by August 15, 2003.

E. National Office Pooling: There will be no mid-year pooling. Year-end pooling is tentatively scheduled for close of business August 15, 2003. Year-end pooled funds will be placed in the National Office reserve and will be made available administratively.

- F. Empowerment Zone (EZ) and Enterprise Community (EC) Earmark: These loan funds are earmarked for EZs and ECs only.

Allocation: Oregon's allocation of subsidized EZ/EC funds available for FY 2003 is as follows:

Very low-Income - \$250,000  
Low-Income - \$320,000

Year-end pooling is tentatively scheduled for close of business June 30, 2003.

## II. Section 502 Direct Funds for families not qualifying for payment assistance:

Subsidized funds may be used for qualified very low- and low-income applicants when the payment assistance formula shows there is no need for the subsidy. This assistance will be taken from the subsidized regular funding.

## III. Program and Non-Program Real Estate Owned (REO) Sales

The National Office is continuing a reserve for program and non-program REO sales. REO funding is available through the NORF system. NORF requests that do not match FASTeller exactly will be rejected.

## IV. Section 504 RH Loan and Grant Funds

- A. Allocation: The allocation of Section 504 RH loan and grant funds are as follows:

Loan: \$437,000  
Grant: \$414,000

**Suballocation to Area Offices:** The amount of funds allocated to each area office is based upon the formula specified in the 1940-L Instruction.

Area Office	Allocation	Allocation
	504 Loan	504 Grant
Redmond	\$ 53,000	\$ 49,450
Roseburg	\$ 62,600	\$ 60,800
Medford	\$ 75,100	\$ 70,500
Eugene	\$ 58,200	\$ 55,900
Salem	\$131,500	\$125,900
Pendleton	\$ 56,600	\$ 51,450
	\$437,000	\$414,000

- B. National Office Pooling: There will be no mid-year pooling. Year end pooling is tentatively scheduled for close of business August 15, 2003. Funds will be placed in the National Office reserve and will be made available administratively.
- C. Empowerment Zone (EZ) and Enterprise Community (EC) Earmark: These loan and grant funds are earmarked for EZs and ECs only.

Allocation: Oregon's allocation of 504 EZ/EC loan funds available for FY 2003 is \$18,500.

Year-end pooling is tentatively scheduled for close of business June 30, 2003.

There are funds appropriated for Section 504 Grants. This money is being held at the National Office level and the grant portion must be requested through the NORF system. These funds are to be used solely for the purpose of Section 504 Loan/Grant combos (Program Type 2009)

## V. Section 502 Nonsubsidized Guaranteed Rural Housing (GRH) Loans

### A. Amount Available for Allocation:

General Allocation for Oregon	\$26,407,000
Less Special Outreach Area Reserve (30%) All counties not included in an MSA	\$ 7,922,100
Net Allocation Available	\$18,484,900

- B. Suballocation to Area Offices: Purchase funds will be suballocated to area offices as follows, based upon the formula specified in the 1940-L Instruction.

Area Office	Distribution/ Allocation
Eugene	\$ 3,530,600.00
Medford	\$ 4,300,600.00
Pendleton	\$ 3,296,100.00
Redmond	\$ 3,285,300.00
Roseburg	\$ 3,767,100.00
Salem	\$ 8,227,300.00
	<b>\$ 26,407,000.00</b>

- C. Refinance Funds: Refinance funds carry a separate subsidy rate and are tracked using a different type of Type of Assistance code in the Guaranteed Loan System. Oregon has a separate allocation of \$1.5 million. Additional funds can be requested, based upon prior usage. The distribution amount listed in GLS will be the combined total allocation distributed to each state for purchase loans and refinance loans until an enhancement to GLS occurs. Refinance funds will be available on a first-come first served basis.
- D. National Office Pooling: There will be mid-year pooling if necessary. Year-end pooling is scheduled for close of business August 15, 2003. Additional guidance once pooling approaches will be released.
- E. Marketing and Outreach: Each RDM has an individual responsibility for outreach efforts to market the GRH program. Sales and marketing contacts must continue throughout the fiscal year with determination to sell and market the GRH program. Declines in mortgage activity indicate more emphasis in marketing the program is necessary. Every effort must be made by each RDM to effectively disseminate information by contacting local housing groups, community leaders, mortgage brokers, local Realtors, builders and news media.

Working closely with existing lenders is also critical to having a successful program. You must maintain contact with existing lenders to demonstrate our presence and interest in

working with them, keeping them informed of program activity and changes. Exceptional delivery and timely consistent responses to program questions will demonstrate to participating lenders our commitment to this program and the lenders who utilize it.

Your contacts and the outcome of each should be documented and filed in the Operational Filing System for review by internal review teams.

- G. Potential GRH Applicants: Applicants who have sought financing under the Section 502 Direct program with incomes above the low-income limit are to be encouraged to seek financing from a private lender working with the Guaranteed Rural Housing (GRH) program. Also potential applicants which when the credit history, income and assets indicate that they may be able to qualify for 100 percent private financing, Loan Originators are to refer them to private credit and the Guaranteed Rural Housing (GRH) program. RDMs are to assist lenders and applicants, as needed, to complete the required forms and expedite processing.

**VI. Section 523 Self-Help Site Loans and Section 524 RH Site Loans**

Funds are available for these programs and will be maintained in the National Office. Area Offices should contact the SFH Section for funding availability before encouraging an organization to development an application. \$4,978,000 is available nationwide for the Section 523 program and \$5,013,027 is available nationwide for the Section 524 program.

**VII. Section 523 Mutual Self-Help Housing Technical Assistance Grants**

\$51,319,662 has been appropriated for Section 523 Mutual and Self-Help Technical Assistance Grants. Of these funds, \$993,500 is earmarked for EZ/EC and REAP communities until June 30, 2003.

**VIII. Section 509 Compensation for Construction Defects**

\$478,837 is available nationwide for this program. All claims for compensation for construction defects must be submitted through the SFH Section for National Office authorization of funds.

**VIII. Section 525 Technical and Supervisory Assistance (TSA) and Section 509 Housing Application Packaging Grants (HAPG)**

\$1,093,978 of new funds for section 525 Supervisory and Technical Assistance (TSA) and Section 509 Housing Application Packaging Grants (HAPG). Funds are available on a limited basis for TSA grants.