



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

101 South Main, Suite 102
Temple, TX 76501
SFH Section

Voice: (254) 742-9770
Fax: (254) 742-9735
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Rural Development Texas AN No. 550 (3550)

July 20, 2001

SUBJECT: Section 502 Pre-Eligibility and Delayed Processing Letters

TO: All Offices
USDA Rural Development, Texas

PURPOSE/INTENDED OUTCOME: The purpose of this Texas Administrative Notice (AN) is to provide guidance to field offices concerning pre-eligibility notifications.

COMPARISON WITH PREVIOUS AN: This AN replaces Texas AN No. 535 which will expire on July 31, 2001.

IMPLEMENTATION RESPONSIBILITIES: USDA Rural Development Employees will process pre-eligibility notifications in the following manner.

Field Office Handbook HB-1-3550 3.8 states that the loan originator must review the application within 30 days to determine whether, based on the unverified information available, the applicant appears to be eligible. This determination is referred to as a pre-eligibility determination. The Texas SFH pre-eligibility letter (Attachment A) should be used when funds are available to notify applicants of the pre-eligibility determination. Handbook Letter 2 and the pre-eligibility letter in UniFi (which also refers to funds not being available) should not be used when funds are available. If funds are not available, Handbook Letter 2 may be used.

As directed by HB-1-3550 3.5 B, the loan originator should contact the applicant by telephone immediately after reviewing the application to obtain any missing information. The applicant may provide this information through the telephone, fax or mail. The loan originator may update the application (with the exception of the applicant's signature) to reflect any information provided by the applicant. If it appears that the applicant may not be eligible, the loan originator should call the applicant to discuss the items that reflect negatively on pre-eligibility. If they cannot be reached by telephone, SFH pre-eligibility letter (Attachment B) should be sent to the applicant explaining the reason they may not be eligible. It is the applicant's decision if they want to proceed or withdraw their application.

EXPIRATION DATE: June 30, 2002

FILING INSTRUCTIONS: HB-1-3550
State Supplements

Offices with a very high volume of applications may use Texas Delayed Processing letter (Attachment C) when there is a backlog of applications. Handbook Letter 11 should be used to request information when processing resumes.

Please contact Scooter Brockett or Leon Carey in the Single Family Housing Section if you have any questions.

/s/ Richard L. Perryman
RICHARD L. PERRYMAN
Acting State Director

Attachments



UNITED STATES
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Rural Development Texas AN No 550 (3550)
Attachment A

Voice: (254) 742-9770
Fax: (254) 742-9735
TDD: (254) 742-9712

Texas Pre-Eligibility Letter #1

[Date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state and zip code]

Dear [(Mr., Mrs., Ms.) insert applicant's last name(s)]

Your application for housing assistance through the USDA Rural Housing Service (RHS) has been reviewed. Based on the information available in your application a pre-eligibility determination has been made. It appears that you may be eligible for housing assistance from this Agency. This is not a final determination of your eligibility. The following information must be submitted to this office in order to process your loan application:

- _____ Residential Mortgage Credit Report - In order to request a credit report, you must submit a non-refundable credit report fee of \$ (insert amount of credit report fee). You may mail or bring a check or money order for this amount to this office at (insert field office address). A residential mortgage credit report cannot be ordered until these funds are received in this office.
- _____ Separation Agreement/Divorce Decree
- _____ Evidence Child Care Payment
- _____ Medical Expense(s) Payment(s) Documentation
- _____ Social Security or Other Retirement Benefits Notice
- _____ Other _____

This letter is to advise you that no action can be taken until all of the above-marked items have been received in this office. Your application will remain in an inactive status until the requested information is received. A failure to respond to this request within 30 days of the date of this letter will result in a voluntary withdrawal of your application. If your application is withdrawn, you may reapply. **It is extremely important, therefore, to notify us of any changes in your address and/or telephone number.** Please feel free to contact this office at () if you have any questions.

You may be asked to obtain private financing for at least 20 percent of your loan. This is known as leveraging and allows Rural Development to assist additional families. Please contact this office if you need further guidance or an explanation of the leveraged loan process.

Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]



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Rural Development Texas AN No 550 (3 550)
Attachment B

SFH Section

Voice: (254) 742-9770
Fax: (254) 742-9735
TDD: (254) 742-9712

Texas Pre-Eligibility Letter #2
For Applicants Who May Not Be Eligible

[Date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state and zip code]

Dear [(Mr., Mrs., Ms.) insert applicant's last name(s)]

Your application for housing assistance through the Rural Housing Service (RHS) has been reviewed. Based on the information available in your application a pre-eligibility determination has been made. It appears that you may not be eligible for housing assistance from this Agency due to the following reasons.

- 1.
- 2.
- 3.

(We have been unable to contact you by telephone, please contact our office to discuss these items):
This is not a final determination of your eligibility. A complete eligibility review (verification of income, credit history, and repayment ability) will be performed at a later time. Your failure to respond to a future notice may result in a voluntary withdrawal of your application. **It is extremely important, therefore, to notify us of any changes in your address and/or telephone number.** Please feel free to contact this office at () if you have any questions.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants based on race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), or because all or part of the applicant's income derives from any public assistance program. Department of Agriculture regulations provide that no agency, officer, or employee of the United State Department of Agriculture shall exclude from participation in, deny the benefits of, or subject to discrimination any person based on race, color, religion, sex, age, disability, or national origin under any program or activity administered by such agency, officer, or employee. The Fair Housing Act prohibits discrimination in real estate-related transactions, or in the terms and conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. If an applicant or borrower believes he or she has been discriminated against for any other reasons, that person can write the Secretary of Agriculture, Washington, D.C. 20250.

Applicants also cannot be denied a loan because the applicant has in good faith exercised his or her right under the Consumer Credit Protection Act. If an applicant believes he or she was denied a loan for this reason, the applicant should contact the Federal Trade Commission, Washington, D.C. 20580.

Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]



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Rural Development Texas AN No 550 (3550)
Attachment C

SFH Section

Texas Delay Processing Letter
Use only in very high volume offices

Voice: (254) 742-9770
Fax: (254) 742-9735
TDD: (254) 742-9712

[Date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
[insert applicant(s) street/post office address]
[insert city, state and zip code]

Dear [(Mr., Mrs., Ms.) insert applicant's last name(s)]

The rural housing application that you submitted remains active. However, resources are temporary unavailable to complete the processing of your application at this time. The approximate waiting period before processing of your application may resume is (insert approximately days/months funds will be available).

A complete eligibility review (verification of income, credit history, and repayment ability) will be performed at a later time. You may be asked to obtain private financing for at least 20 percent of your loan. This is known as leveraging and allows Rural Development to assist additional families. Please contact this office if you need further guidance or an explanation of the leveraged loan process.

Your failure to respond to a future notice may result in a withdrawal of your application. **It is extremely important, therefore, to notify us of any changes in your address and/or telephone number.** Please feel free to contact this office at () if you have any questions.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants based on race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), or because all or part of the applicant's income derives from any public assistance program. Department of Agriculture regulations provide that no agency, officer, or employee of the United State Department of Agriculture shall exclude from participation in, deny the benefits of, or subject to discrimination any person based on race, color, religion, sex, age, disability, or national origin under any program or activity administered by such agency, officer, or employee. The Fair Housing Act prohibits discrimination in real estate-related transactions, or in the terms and conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. If an applicant or borrower believes he or she has been discriminated against for any other reasons, that person can write the Secretary of Agriculture, Washington, D.C. 20250.

Applicants also cannot be denied a loan because the applicant has in good faith exercised his or her right under the Consumer Credit Protection Act. If an applicant believes he or she was denied a loan for this reason, the applicant should contact the Federal Trade Commission, Washington, D.C. 20580.

Sincerely,

[insert name of Loan Approval Official]

[insert title of Loan Approval Official]