

PART 3550—DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS

Subpart A—General

Sec.

- 3550.1 Applicability.
- 3550.2 Purpose.
- 3550.3 Civil rights.
- 3550.4 Reviews and appeals.
- 3550.5 Environmental requirements.
- 3550.6 State law or State supplement.
- 3550.7 Demonstration programs.
- 3550.8 Exception authority.
- 3550.9 Conflict of interest.
- 3550.10 Definitions.
- 3550.11–3550.49 [Reserved]
- 3550.50 OMB control number.

Subpart B—Section 502 Origination

- 3550.51 Program objectives.
- 3550.52 Loan purposes.
- 3550.53 Eligibility requirements.
- 3550.54 Calculation of income and assets.
- 3550.55 Applications.
- 3550.56 Site requirements.
- 3550.57 Dwelling requirements.
- 3550.58 Ownership requirements.
- 3550.59 Security requirements.
- 3550.60 Escrow account.
- 3550.61 Insurance.
- 3550.62 Appraisals.
- 3550.63 Maximum loan amount.
- 3550.64 Down payment.
- 3550.65 [Reserved]
- 3550.66 Interest rate.
- 3550.67 Repayment period.
- 3550.68 Payment subsidies.
- 3550.69 Deferred mortgage payments.
- 3550.70 Conditional commitments.
- 3550.71 Special requirements for condominiums.
- 3550.72 Community land trusts.
- 3550.73 Manufactured homes.
- 3550.74 Nonprogram loans.
- 3550.75–3550.99 [Reserved]
- 3550.100 OMB control number.

Subpart C—Section 504 Origination

- 3550.101 Program objectives.
- 3550.102 Grant and loan purposes.
- 3550.103 Eligibility requirements.
- 3550.104 Applications.
- 3550.105 Site requirements.
- 3550.106 Dwelling requirements.
- 3550.107 Ownership requirements.
- 3550.108 Security requirements (loans only).
- 3550.109 Escrow account (loans only).
- 3550.110 Insurance (loans only).
- 3550.111 Appraisals (loans only).
- 3550.112 Maximum loan and grant.
- 3550.113 Rates and terms (loans only).
- 3550.114 Repayment agreement (grants only).
- 3550.115–3550.149 [Reserved]

- 3550.150 OMB control number.

Subpart D—Regular Servicing

- 3550.151 Servicing goals.
- 3550.152 Loan payments.
- 3550.153 Fees.
- 3550.154 Inspections.
- 3550.155 Escrow account.
- 3550.156 Borrower obligations.
- 3550.157 Payment subsidy.
- 3550.158 Active military duty.
- 3550.159 Borrower actions requiring RHS approval.
- 3550.160 Refinancing with private credit.
- 3550.161 Final payment.
- 3550.162 Recapture.
- 3550.163 Transfer of security and assumption of indebtedness.
- 3550.164 Unauthorized assistance.
- 3550.165–3550.199 [Reserved]
- 3550.200 OMB control number.

Subpart E—Special Servicing

- 3550.201 Purpose of special servicing actions.
- 3550.202 Past due accounts.
- 3550.203 General servicing actions.
- 3550.204 Payment assistance.
- 3550.205 Delinquency workout agreements.
- 3550.206 Protective advances.
- 3550.207 Payment moratorium.
- 3550.208 Reamortization using promissory note interest rate.
- 3550.209 [Reserved]
- 3550.210 Offsets.
- 3550.211 Liquidation.
- 3550.212–3550.249 [Reserved]
- 3550.250 OMB control number.

Subpart F—Post-Servicing Actions

- 3550.251 Property management and disposition.
- 3550.252 Debt settlement policies.
- 3550.253 Settlement of a debt by compromise or adjustment.
- 3550.254–3550.299 [Reserved]
- 3550.300 OMB control number.

AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 1480.

SOURCE: 61 FR 59779, Nov. 22, 1996, unless otherwise noted.

Subpart A—General

§ 3550.1 Applicability.

This part sets forth policies for the direct single family housing loan programs operated by the Rural Housing Service (RHS) of the U.S. Department of Agriculture (USDA). It addresses the requirements of sections 502 and 504 of the Housing Act of 1949, as amended, and includes policies regarding both

§ 3550.2

loan and grant origination and servicing. Procedures for implementing these regulations can be found in program handbooks, available in any Rural Development office. Any provision on the expenditure of funds under this part is contingent upon the availability of funds.

§ 3550.2 Purpose.

The purpose of the direct RHS single family housing loan programs is to provide low- and very low-income people who will live in rural areas with an opportunity to own adequate but modest, decent, safe, and sanitary dwellings and related facilities. The section 502 program offers persons who do not currently own adequate housing, and who cannot obtain other credit, the opportunity to acquire, build, rehabilitate, improve, or relocate dwellings in rural areas. The section 504 program offers loans to very low-income homeowners who cannot obtain other credit to repair or rehabilitate their properties. The section 504 program also offers grants to homeowners age 62 or older who cannot obtain a loan to correct health and safety hazards or to make the unit accessible to household members with disabilities.

§ 3550.3 Civil rights.

RHS will administer its programs fairly, and in accordance with both the letter and the spirit of all equal opportunity and fair housing legislation and applicable executive orders. Loans, grants, services, and benefits provided under this part shall not be denied to any person based on race, color, national origin, sex, religion, marital status, familial status, age, physical or mental disability, receipt of income from public assistance, or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act (15 U.S.C. 1601 *et seq.*). All activities under this part shall be accomplished in accordance with the Fair Housing Act (42 U.S.C. 3601-3620), Executive Order 11246, and Executive Order 11063, as amended by Executive Order 12259, as applicable. The civil rights compliance requirements for RHS are in 7 CFR part 1901, subpart E.

7 CFR Ch. XXXV (1-1-01 Edition)

§ 3550.4 Reviews and appeals.

Whenever RHS makes a decision that is adverse to a participant, RHS will provide the participant with written notice of such adverse decision and the participant's rights to a USDA National Appeals Division hearing in accordance with 7 CFR part 11. Any adverse decision, whether appealable or non-appealable may be reviewed by the next-level RHS supervisor.

§ 3550.5 Environmental requirements.

(a) *Policy.* RHS will consider environmental quality as equal with economic, social, and other relevant factors in program development and decision-making processes. RHS will take into account potential environmental impacts of proposed projects by working with RHS applicants, other federal agencies, Indian tribes, State and local governments, and interested citizens and organizations in order to formulate actions that advance the program's goals in a manner that will protect, enhance, and restore environmental quality.

(b) *Regulatory references.* Processing and servicing actions under this part will be done in accordance with the requirements provided in 7 CFR part 1940, subpart G which addresses environmental requirements and 7 CFR part 1924, subpart A, which addresses lead-based paint.

§ 3550.6 State law or State supplement.

State and local laws and regulations, and the laws of federally recognized Indian tribes, may affect RHS implementation of certain provisions of this regulation, for example, with respect to the treatment of liens, construction, or environmental policies. Supplemental guidance may be issued in the case of any conflict or significant differences.

§ 3550.7 Demonstration programs.

From time to time, RHS may authorize limited demonstration programs. The purpose of these demonstration programs is to test new approaches to offering housing under the statutory authority granted to the Secretary. Therefore, such demonstration programs may not be consistent with some of the provisions contained in