FORM RD 2006-46 (Rev. 01-98)

U.S. DEPARTMENT OF AGRICULTURE	MANUAL	ISSUE No.
RURAL DEVELOPMENT	WSAL	PN 657
Washington, D.C 20250	**DATE**	
	July 13, 2026	

PROCEDURE NOTICE

NOTICE
INSERT RD HB-1-3550
(WSAL)

DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS FIELD OFFICE HANDBOOK. Appendix 9 is completely revised to update the Income Limits for the Sections 502 Direct and 504 Loan/Grant Program.

The effective date of these income limits is July 13, 2026.

REMOVE	**INSERT**
Appendix 9 dated 06-18-25.	Appendix 9 revised 07-13-26.

NOTICE
INSERT RD HB-1-3555
(WSAL)

SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK. Appendix 5 is completely revised to update the Income Limits for the Section 502 Guaranteed Loan Program.

The effective date of these income limits is July 13, 2026.

REMOVE	**INSERT**
Appendix 5 dated 06-18-25.	Appendix 5 revised 07-13-26.

NOTICE
INSERT RD 4287-D
(WSAL)

SERVICING BIOREFINERY, RENEWABLE CHEMICAL, AND BIOBASED MANUFACTURING ASSISTANCE GUARANTEED LOANS. This Instruction is being revised due to the Final Rule published July 9, 2026, entitled "Revisions to the Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Loan Program."

REMOVE	**INSERT**
Dated 03-30-17.	Revised 07-13-26.

(CON.)

RD HANDBOOK CHANGES

INSERT RD HB-1-3550
(WSAL)

DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS - FIELD OFFICE HANDBOOK. This Handbook is partially revised. The specific revisions are outlined below.

The Agency updated the Handbook throughout for consistency: childcare and third party (2 words), co-signer and charge-off (hyphenated), nonprogram (no hyphen) and other punctuation and formatting updates as needed.

Chapter 1: Paragraph 1.15: The Agency removed the Administrator or designee's authority to approve exceptions.

Chapter 2:

Paragraph 2.4(B)Same Rates and Terms Assumption:

The Agency added language requiring citizenship, legal capacity, and not suspended or debarred from participation in Federal programs (refer to Chapter 4 paragraph 4.20 and Attachment 4-D).

Chapter 3:

Paragraph 3.5: The Agency removed eForms as an option for an applicant to apply directly through. NOTE: Only packagers use eForms.

Attachment 3-A: The Agency removed Phase 2 packaging. The Agency updated language to ensure payment shock is calculated, reviewed and documented in the loan narrative. The Agency updated language to reflect total allowable fee as $750 and corrected the example to reflect the total combined amount as $750.

Attachment 3-D: The Agency removed eAuthentication/eForms as an option for applicants to submit a loan application.

In attachment 3-G the Agency:

- Moved HB Letter 2 Funds Not Available from the Application Processing section to the Eligibility Processing section.
- Updated ECF classification for HB Letter 3-A & 3-B to C.
- Updated Eligibility Processing section to include separate lines for 3-A and 3-B Waiting Period letters.
- Removed the word accounts under the Asset section for consistency with 3-G, 12-C and through HB when referring to bank statements.
- Removed "if applicable" when referring to payment shock.
- Removed Packaging Phase 2 Property Submittal Cover Letter from checklist.
- Updated language in Closing, Construction Contract, and Post Construction Completion sections for checking Department of the Treasury's DNP Portal for contractors to only when the total contract is equal to or greater than $25,000 when funds are being paid directly to the Contractor via ECF or Treasury Check (not required if funds are being paid from an SBA).

The Agency updated attachment 3-J to include submission of third-party documentation when an applicant is submitting written explanation for credit blemishes.

(CON)

RD HANDBOOK CHANGES
INSERT RD HB-1-3550 (Con.)
(WSAL)

Chapter 4:

Paragraph 4.2 Exhibit 4-1: The Agency updated amount of dependent deduction to $500.

In Paragraph 4.3 A (1) the Agency:

- Updated to count only the first $500 of earned income from adult full-time students who are not the borrower, co-borrower, or spouse.
- Added Language clarifying the income of an applicant's spouse, unless the spouse has been living apart from the applicant for at least three months (for reasons other than military or work assignment), court proceedings for divorce or legal separation have commenced must be included in annual income. In addition, the Agency included examples of supporting documentation.

Paragraph 4.3 A 3; 4.3 C 5, 6 & 7: The Agency removed reference and links to the Administrator's Exception Authority Unnumbered Letter (UL) dated 06-18-2025.

Paragraph 4.3 B 2: The Agency clarified the amount of adoption assistance payments in excess of $500 per adopted child should be included in repayment income only.

Paragraph 4.3 B 7: The Agency removed amounts received under the Department of Health and Human Services Low Income Home Energy Assistance Program as a source of repayment income.

Paragraph 4.3 D 7: The Agency updated to clarify that adoption assistance payment in excess of $500 per adopted child is never included in Annual Income.

Paragraph 4.4 C: The Agency revised to reflect the current dependent deduction amount of $500. This amount is reviewed by the Agency and updated annually in consultation with HUD. Additionally, the Agency clarified the definition of a dependent to ensure consistent application.

Paragraph 4.4. D: The Agency revised the amount of childcare costs attributable to work of a full-time student (except for the applicant/borrower, co-applicant/borrower, or spouse of the applicant/borrower) to not more than $500, since the employment income of a full-time student in excess of $500 is not counted in the annual income calculation. In addition, the language and link were updated to reflect the allowable deduction to be indexed to inflation and adjusted annually.

Paragraph 4.4 E: The Agency revised to show the current annual deduction for an elderly household to be a single $550. The Agency added Language to reflect the amount being indexed to inflation and adjusted annually. In addition, the Agency removed reference and link to the Administrator's UL dated 06-18-2025, Administrator Exception Authority.

Paragraph 4.4 H: The Agency updated language clarifying income from tips and overtime should not be grossed up.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550 (Con.)
(WSAL)

Chapter 4 Continued:

Exhibit 4-4: The Agency updated to include a repossession in the last 36 months as an indicator of unacceptable credit, and additional language added to clarify remaining outstanding balances due to a foreclosure or repossession are treated as a collection unless charged off.

Paragraph 4.15: The Agency updated language to clarify that applicants who already own a home are generally ineligible for a Section 502 loan unless they are experiencing true housing related hardships, such as when their current home is structurally unsafe, functionally inadequate, or too small to meet household needs. Only in these hardship situations, and when all other eligibility requirements are met, may the Agency assist with purchasing a new home.

Paragraph 4.22 B (2): The Agency updated the guidance for calculating and including the following types of payments when establishing the Total Debt:

- Verified repayment plan or actual payment amount for any collection accounts with outstanding balances must be included and if no repayment plan exists, 5% of the collection account balance as documented on the credit report or credit verification is included.
- Borrowers must include Student loan payments regardless of payment status. Payment amount is either the amount reported on the credit report or actual documented payment, when the amount reported is greater than zero; or one half (.50) percent of the outstanding loan balance documented on the credit report or credit verification, when the payment amount is zero or not reported. Co-signed student loans are treated the same as other co-signed obligations.
- The borrower may omit debts with ten or less months of repayment remaining may be omitted if the payment does not exceed five percent of the monthly repayment income.

Paragraph 4.24: The Agency updated guidance to refer to Paragraph 5.6 A for minimum area loan amounts.

Paragraph 4.24 C: The Agency updated guidance on how to calculate payment shock for applicants without any current housing expense.

Chapter 5:

Paragraph 5.6 A: The Agency added language establishing the use of minimum area loan amounts needed to support the purchase of decent, safe, and sanitary dwellings as 20% of the standard area loan limit.

RD HANDBOOK CHANGES
INSERT RD HB-1-3550 (Con.)
(WSAL)

Chapter 6:

Paragraph 6.4 C: The Agency added clarifying language confirming buyer's real estate agent commission fees are an eligible cost.

Paragraph 6.10 B: The Agency added language clarifying the eligible use of assets for purchasing items necessary for ownership or maintenance of the home.

Paragraph 6.14: The Agency added language clarifying if a property is not acceptable or the contract falls through and funds are available, a new Form RD 1944-59, Certificate of Eligibility is sent. However, when funds are not available, Handbook Letter 2 (3550) is sent to the applicant to notify them no funds are currently available.

Attachment 6-B: The Agency updated to require calculation and review of payment shock.

Chapter 8:

Paragraph 8.5: The Agency added clarification for when a judgment is not reported until closing; the judgment may be paid off at closing as long as loan funds or seller concessions are not used to pay off the debt; and credit is reviewed to ensure credit criteria complies with Chapter 4. Credit exceptions are not guaranteed and must adhere to the requirements in Chapter 4 of this Handbook.

Chapter 9:

Paragraph 9.4: The Agency removed affirmative marketing.

Paragraph 9.12: The Agency removed language regarding shared or zero lot line property agreements.

Chapter 12:

In attachment 12-C the Agency:

- Removed the word accounts for consistency with 3-G, 12-C and through HB when referring to bank statements.
- Updated language in Construction section for checking Department of the Treasury's DNP Portal for contracts equal to or greater than $25,000 to only required when funds are paid directly to the Contractor from ECF or Treasury Check (not required if funds are paid from an SBA).

Chapter 13:

Paragraph 13.3: The Agency removed Department of Labor requirements.

Paragraph 13.14 D: The Agency added language added to clarify new owners must meet the requirements for citizenship, legal capacity, and must not be suspended or debarred from participation in Federal Programs.

RD HANDBOOK CHANGES

INSERT RD HB-1-3550 (Con.)
(WSAL)

Chapter 15 and 16: The Agency removed and transferred to HB-2-3550 Direct Single Family Housing Loans and Grants – Servicing Office Handbook.

Appendix 2: The Agency removed the following forms and transferred to HB-2-3550:

- Form RD 1955-1, Offer to Convey Security
- Form RD 1955-42, Open Real Property Master Listing Agreement
- Form RD 1955-43, Notice of Real Property for Sale (Single Family Housing)
- Form RD 1955-44, Notice of Residential Occupancy Restriction
- Form RD 1955-45, Standard Sales Contract, Sale of Real Property by the United States
- Form RD 1955-46, Invitation, Bid, and Acceptable Sale of Real Property by the United States
- Form RD 1955-47, Bill of Sale 'A'
- Form RD 1955-49, Quitclaim Deed

Appendix 3: The Agency removed Handbook Letter 10 (3550), Status of Offer to Buy Single Family Housing REO Property

Appendix 4: The Agency removed the interest rate data, and the appendix is reserved for future use.

Appendix 11: The Agency updated the link for the Underwriting, Pre-Closing, and Compliance Review Tool.

Appendix 12: The Agency removed SFH ARPA Guidelines (ARPA is no longer available), and the appendix is reserved for future use.

Appendix 13: The Agency clarified Do Not Pay system must be checked when funds are paid from ECF or Treasury Check for subcontractors $25,000 or more.

INSERT RD HB-2-3550
(WSAL)

DIRECT SINGLE FAMILY HOUSING GRANTS SERVICING OFFICE HANDBOOK. This Handbook is partially revised. The specific revisions are outlined below.

Chapter 1 Section 2: Overview of the Direct Single Family Housing Program paragraphs 1.3 through 1.5 is now reserved and refer to HB-1-3550, Chapter 1 Section 2 paragraphs 1.3 through 1.5.

Chapter 4 Section 2: Evaluating Borrower Income paragraphs 4.7 through 4.11 are now reserved and refer to HB-1-3550, Chapter 4, paragraph 4.2-4.7.

Chapter 8: The Agency added Managing Custodial and REO Property to HB-2-3550 and removed from HB-1-3550 Chapter 15.

RD HANDBOOK CHANGES

INSERT RD HB-2-3550 (Con.)

(WSAL)

Chapter 9: The Agency added Disposing of Real Estate Owned Property to HB-2-3550 and removed from HB-1-3550 Chapter 16.

Appendix 3: The Agency added Status of Offer to Buy Single Family Housing REO Property to HB-1-3550 Handbook Letter 116. The Agency removed this provision from HB-1-3550 Handbook Letter 10.

FORMS

REPLACEMENT

RD 1944-61

(WSAL)

CREDIT HISTORY WORKSHEET revised 07-26. Prescribed in 7 CFR 3550. The Form and FMI have been revised to add the words 'or Repossession' to Section E.8.A. Both documents can be found on the eForms website at eForms Home (usda.gov).

REMOVE	INSERT
FMI dated 11-06-24.	FMI revised 07-13-26.

oOo