



January 19, 2024

Ms. Sonya Evans  
Rural Housing Service  
United States Department of Agriculture  
1400 Independence Ave. SW  
Washington, DC 20250

**RE: Notice of Proposed Rulemaking -- Streamlining and Improvement of Single Family Housing Direct Programs [Docket RHS-23-SFH-0016]**

Dear Ms. Evans:

Thank you for the opportunity to comment on the Notice of Proposed Rulemaking (NPRM) entitled “Streamlining and Improvement of Single Family Housing Direct Programs,” which was published in the Federal Register on November 20, 2023, by the Rural Housing Service of the Department of Agriculture. Since 2012, NeighborWorks America has increased access to low-cost mortgages in rural areas for low- and very low-income people by developing and strengthening a network of high-capacity USDA-certified Section 502 Direct Nonprofit Loan Packagers. Nonprofits offer the most cost-efficient pipeline for loan packaging, and by training network organizations to fill this critical niche, NeighborWorks has enabled them to earn fees sufficient to support a sustainable line of business while providing a valuable community service. To advance USDA’s efforts to increase usage of the Section 502 Direct program, shorten the timeframe required for low-income rural Americans to complete a home purchase, and expand access to both homebuyer education and loan-packaging service, NeighborWorks supported five initial regional USDA pilot demonstrations, including four with NeighborWorks organizations.

Over the years, NeighborWorks members have continued to make a significant contribution to rural homeownership using the USDA Section 502 Direct home mortgage program. In FY 2023, 44 NeighborWorks organizations packaged and/or facilitated 1,100 loans totaling over \$260 million. NeighborWorks America and the NeighborWorks network are deeply invested in the success of the Section 502 program, and these comments are offered in that spirit.

Please note that these comments have not been submitted to or approved by NeighborWorks America’s board and do not necessarily represent the views of its board members, either collectively or as individuals. These comments have been formed based on the ongoing work of NeighborWorks America with our network of nearly 250 NeighborWorks-chartered local and regional nonprofits, as well as ongoing partnership with the National Rural Housing Coalition (NRHC). These comments are intended to amplify the comments offered by NRHC.

NeighborWorks is grateful for RHS's efforts to streamline administration of the program. In particular, NeighborWorks supports the following provisions:

- Section 1: Clarification of the definition of "dwelling unit" is a helpful change.
- Section 2: Allowing packaging fees to be added to the loan amount in excess of the area loan limit or appraised value of the house is an important recognition of the importance of certified loan packagers.
- Section 4 and 8: Increasing net family assets limits will enable the program to serve a broader population, for whom no comparable additional programs exist.
- Section 11: Increasing the loan amount threshold before an appraisal is required will reduce costs and improve the administration of single-family programs and housing opportunities for low-income rural families.

At the same time, NeighborWorks encourages RHS to continue to improve administration of the program. As referenced in NRHC's letter, a survey of nonprofits working with the Section 502 program, including members of the NeighborWorks network, surfaced inconsistencies in loan processing, loan approval, and all the steps in between. Continuing to invest in systems modernization and training can help to alleviate these issues and standardize program operations.

We look forward to continuing to work with you to improve the Section 502 program and create homeownership opportunities in rural America.

Sincerely,



Kirsten T. Johnson-Obey  
Senior Vice President, Public Policy and Legislative Affairs