

# Notes... on self-help housing



## ***USDA RD Updates-American Rescue Plan Act***

The American Rescue Plan Act (ARPA) of 2021 ([H.R. 1319](#), Section 3207) appropriated additional funds for Section 502 and 504 direct loans, to remain available until September 30, 2023, with a focus on refinancing outstanding loans to existing direct loan borrowers, which are, or have been, in an approved COVID-19 moratorium.

The processing guidelines originally granted through an [Unnumbered Letter dated May 12, 2021](#), have been updated and replaced with the new [Appendix 12 to Handbook-1-3550](#). Updates include but are not limited to accepting applications from Section 502 self-help borrowers to refinance outstanding self-help loans which were closed in Fiscal Year (FY) 2020 or later, making the Deferred Mortgage Payments program available to Section 502 very low-income self-help borrowers who closed in FYs 2020 or later, including a fast-track processing option, and providing additional guidance on determining market value.

Unless the guidance in this Appendix is supplemented or revoked, the Agency will temporarily accept applications from existing Section 502 and Section 504 direct loan borrowers, to refinance outstanding loans, which have been in an approved COVID-19 moratorium or have built a home utilizing the Self-Help Housing Program and closed in FYs 2020 or later.

Self-Help Borrowers. Regardless of moratorium status, very low- and low-income self-help borrowers with permanent loans that closed in FYs 2020 or later are eligible to apply for refinancing under this guidance. In general, these refinance requests will follow the same process for General ARPA or Fast Track options, unless noted otherwise in the guidance. The Agency must determine that there is a NTB to the borrower as the result of the refinance. A NTB includes, but is not limited to, a reduced note rate or a change in term that results in a more affordable payment for the borrower. Additionally, very low-income self-help borrowers with loans closed in FYs 2020 or later, may be eligible for the Deferred Mortgage Payment program available through ARPA refinance funding. For qualified borrowers, this program allows for up to 25% of a borrower's monthly principal and interest payment at 1 percent to be deferred for up to 15 years.

Deferred Mortgage Payments (7 CFR 3550.69) is a temporarily authorized use of ARPA refinance funding for self-help borrowers with loans closed in FYs 2020 or later. In order to qualify for deferred mortgage payments (for up to 15 years), the self-help household's adjusted income at the time of initial approval for the refinance loan, must not exceed very-low income. The loan term is 38 years. Deferred payment agreements are effective for twelve months, and once a borrower becomes ineligible for deferred mortgage assistance, it cannot be received again. Deferred mortgage payments are subject to recapture when the borrower transfers title or ceases to occupy the property.

A Deferred Mortgage tab has been added to the Worksheet for Computing Income & Max Loan Calculator ([Attachment 4-A](#)), which includes specific calculations for the eligibility requirements in §3550.69.

[ARPA Fact Sheet](#).

*Notes is an occasional bulletin of observations and recommendations intended to assist Self-Help Grantees. Written and distributed by LIFT CAA, Inc. (formerly known as Little Dixie Community Action Agency, Inc.) T&MA Contractors, 209 North 4th Street, Hugo, OK 74743.*