

# HUD HEARTLAND NEWS



**US Department of Housing and Urban Development**  
**Sioux Falls, South Dakota Field Office**

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## Welcome to the Inaugural Issue

Welcome to the new South Dakota HUD newsletter. As part of our ongoing efforts to keep customers informed of HUD news, we want to present this newsletter quarterly. Our goal is to summarize some of the things happening at HUD that you may have not

had a chance to notice or hear about in your busy lives. We'll try to keep it short and informative. Since HUD programs cover a wide range of areas, news will be tidbits covering a lot of different items and issues. We welcome your suggestions and ideas.

### UPCOMING EVENTS:

**December 5: National Project Homeless Connect Day in Sioux Falls at the Salvation Army, 800 North Cliff Avenue. Sponsored by the Sioux Falls Homeless Coalition in conjunction with the US Interagency Council on Homelessness.**

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## HUD 2006 Funding in South Dakota

HUD provides funds for a variety of programs throughout South Dakota. Here's some of the funding announced from Fiscal Year 2006. We'll talk about additional HUD funding in future newsletters.

**Rural Housing and Economic Development (RHED) Grants:** RHED provides capacity building for rural agencies at the state and local level and supports innovative housing and economic development activities in rural areas.

*Northeast South Dakota Community Action Program* in Sisseton will receive \$300,000 to provide assistance through the housing loan fund for at least 17 individuals/families.

*Oglala Sioux Tribe Partnership for Housing* in Pine Ridge will receive \$300,000 to address housing needs on Pine Ridge through a comprehensive approach that focuses on strengthening homeownership and credit counseling efforts; constructing an affordable, energy-efficient

model home; and providing affordability subsidies to mortgage borrowers.

*The Lakota Funds* in Kyle will receive \$300,000 to start a revolving loan fund for first time homebuyers and entrepreneurs who are starting businesses on the Reservation.

**Housing Counseling Grants:** Grants help agencies provide valuable homebuyer education to individuals/families purchasing a home.

*Oglala Sioux Tribe Partnership for Housing Inc.* will receive \$54,391 for their homebuyer education program.

*South Dakota Housing Development Authority* will receive \$120,260 that will be distributed to housing counseling agencies in the state.





## Proposed FHA Reform Legislation

Proposed legislation in Congress would modernize the Federal Housing Administration (FHA) and expand homeownership opportunities to millions more prospective borrowers. Key provisions in the legislation would:

- ◆ Eliminate the 3% down payment
- ◆ Lengthen loan terms to 40 years in order to lower monthly costs to borrowers
- ◆ Create a risk-based insurance structure to match premiums with minimum. The “new” FHA would offer zero down or 1-2 percent down options.
- ◆ Increase and simplify FHA’s loan limits

*The Expanding American Homeownership Act* has passed the U.S. House of Representatives and is now being considered in the Senate (S. 3535).

### FHA Resource Center

Earlier this year HUD launched the FHA Resource Center, to provide comprehensive answers for consumers and industry partners. The FHA Resource Center can address general and technical questions about FHA loans, underwriting, appraisal, and processing issues. There are three easy ways to get the facts!

Search [answers.hud.gov](http://answers.hud.gov)  
The online knowledge base will help you find answers 24/7.

Email [hud@custhelp.com](mailto:hud@custhelp.com)

Phone toll-free (800) CALLFHA or (800) 225-5342, Monday-Friday, 7am-7pm CT

## Appraiser Approval and Recertification

Effective October 1, 2006 the FHA Appraiser Roster Examination has been streamlined and the examination fee eliminated. Guidelines for placement on the FHA Appraiser Roster are contained in [Mortgage Letter 2006-26](#).

Appraisers are required to provide an update of their state license or certification to HUD to ensure retention on the Appraiser Roster.

Please send your renewal information to HUD,

Office of Single Family Housing, Attn: Appraisal Branch via fax at 202-401-0416.

South Dakota Single Family FHA Information			
2006 Statistics	July	Aug	Sept
Loans Insured	110	115	71
First-Time Homebuyers	77	71	49
Minority Homebuyers	2	5	2
Default Rate	2.40%	2.36%	2.48%
Foreclosure Rate	1.23%	1.17%	1.13%
REO Properties:			
Acquired	5	2	7
Sold	8	3	6
Owned	28	27	28

## Good Neighbor Next Door Sales Program Changes

If you are familiar with HUD's single family REO sales, you may know about the Officer and Teacher Next Door programs. Qualified law enforcement officers and teachers could buy HUD homes for sale at 50% off the listing price in approved areas during a short period before the homes were listed for sale to the public. This program was expanded to include fulltime firefighters and emergency medical technicians last year, and is now called the Good Neighbor Next Door (GNND) program.

New changes go into

effect December 1, 2006.

- All bids must now be submitted through a participating real estate broker.
- The buyer must certify their continued employment in the qualifying profession for at least one year after the purchase.
- An earnest money deposit of \$500 to \$2000 will be required when the contract is signed.
- Neither the buyer nor his/her spouse may have owned any residential real property during the

year prior to the date of submission of their bid.

- Neither the buyer nor his/her spouse may have ever purchased another home under the GNND Sales Program.

- HUD will not pay the closing costs or selling broker's commission on these sales.

The second mortgage (amount of discount) will reduce 1/36th on the last day of each month of occupancy.

The new rule changes were published in the Federal Register November 1, 2006.



## Rethinking Rural Housing

The Rural Housing Collaborative in South Dakota has produced a new study of rural housing – how small communities look at housing and how they accomplish housing development. They presented their study at the South Dakota Housing Development Authority's annual housing conference in November.

Is building houses economic development? Research done by this statewide collaborative of housing advocates shines new light on the issue. Learn why they

have concluded that changing the way rural communities think about housing, and the way resource providers help them, is at the very core of vitality for South Dakota's small towns.

[Find their new study and check out their manifesto, and learn about Flipping the Switch. Enter your comments on their blog.](#)



## Rural Community Assessments

HUD was involved this year in the ongoing Community Assessment program, coordinated by the South Dakota Rural Development Council (SDRDC). The program provides a structured process for small towns to survey the issues and concerns expressed by a wide range of the citizens.

At the request of the community, SDRDC will bring together a volunteer team of professionals from around the state. The resource team spends three days in town helping to identify major themes, recommending starting points for economic development, and assisting to build a

consensus around the town's highest priorities.

After visiting the community, the team develops a report citing the findings made, listing possible courses of action and resources. Many communities have found this helpful in bringing together their citizens to see the assets which already exist in town and start the work to face new challenges.

HUD staff participated on resource teams in Canton and Eureka during this year. For more information on assessments [contact SDRDC.](#)

## Register Early for Grants.gov



Planning to apply for HUD funding this year? Need to renew your e-grants registration to submit your HUD grant application?

HUD published a notice in the [Federal Register on October 31, 2006](#), entitled Notice of Opportunity To Register Early and Other Important Information for Electronic Application Submission via [Grants.gov](#).

This is the important first step in preparation for the announcement of funding availability from HUD. Make sure your agency is ready to apply for HUD funds. Check the announcement at [www.hudclips.org](#) Click on the Most Recent Two Weeks of Federal Register Notices and scroll down.

# Find. Apply. Succeed.



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Please contact us if you have any news or updates to include in our newsletter.

**Mission of the U.S. Department of Housing and Urban Development: To increase homeownership, support community development, and increase access to affordable housing free from discrimination.**

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## New Studies from HUD USER

### **Multi-Family Properties: Opting In, Opting Out, and Remaining Affordable**

HUD recently examined owners' decisions about project-based multifamily housing properties, and the results can be found in the report, [Multifamily Properties: Opting In, Opting Out, and Remaining Affordable](#).

This study looks at privately owned, project-based multifamily properties assisted by HUD, many of which came about through mortgage interest subsidies and other incentives. The researchers sought to identify the significant differences between the prop-

erties that remain assisted and those which leave the program, either through prepayment or by opting out.

Property attributes, onsite assessments, and affordability of properties that remain HUD-assisted are compared with properties that no longer participate. This analysis provides insight into what leads property owners to leave HUD-assisted programs, and explores the extent to which the properties remain affordable to low-income families.

The study can be downloaded, at no cost, or a printed copy can be ordered for a nominal fee by calling HUD USER at 800-245-2691, option 1.

## Youthbuild Moves to the Dept of Labor

On September 22, 2006, President Bush signed into law a bill transferring the Youthbuild Grants Program, formerly a HUD competitive grant, to the Department of Labor. The transfer became effective upon signing of the bill.

HUD will continue to administer existing Youthbuild grants until they are closed. All new Youthbuild funding will come through the Department of Labor. Youthbuild

will not be part of HUD's Super Notice of Funding Availability this fiscal year.

[See Public Law 109-281](#) approved September 22, 2006:

