

HUD HEARTLAND NEWS



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

Moving Day for HUD

The lease is up, and HUD is moving to a new location in Sioux Falls.

The General Services Administration has secured space for HUD in a brand new building, Donegal Center, at 4301 West 57th Street, Suite 101, in Sioux Falls. The new office is west of Louise Avenue on 57th Street. Take a turn south at Rolling Green Avenue, and it is the building immediately on your right.



The Donegal Center is a 3-story building with apartments on the top two floors and office space on the first floor. The HUD space is at the southeast corner of the building.

The move is set for November 30, so the HUD Office will be closed that day. HUD telephones and computers will not be working as the contractors install them in the new space. We hope to be up and running on Monday morning, December 3. We will be unpacking that day, but should be able to answer the telephones and access our e-mail.



We ask for your patience as we make this transition. Please note that in the move our telephone number will remain the same: (605) 330-4223. Our fax number is (605) 330-4465. We are dropping a fax line as part of the move.

Stop by to see the new office when you get a chance. We'll be happy to show you around.

CALENDAR OF EVENTS:

November 12

Veteran's Day
HUD Office Closed

November 13

Project Connect Day,
Sioux Falls

November 13-14

SDHDA Annual Conference,
Pierre

November 14-15

SD NAHRO Conference,
Pierre

November 14

SD Housing for the Homeless
Meeting, Pierre

November 15

Sioux Empire Homeless
Conference, Sioux Falls

November 22

Thanksgiving Day
HUD Office Closed

November 30

Office Moving Day
HUD Office Closed

December 4

FHA Training and Updates,
Sioux City public library

Volume 2, Issue 1

November 2007

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FHA Industry Training

On December 4 there will be an update on FHA programs for lenders, real estate brokers, and other industry partners at the Sioux City Public Library. Topics will include FHASecure, Risk-Based Premiums, Streamline 203K, Energy Efficient Mortgages, REO Properties, and FHA Modernization. The session will be presented by HUD staff from South Dakota, Iowa, and Nebraska from 1-5 pm CST. Check [HUD's South Dakota calendar](#) to register for this event to ensure sufficient space and handouts.

New Address (12/3):

South Dakota HUD Office
4301 West 57th Street
Suite 101
Sioux Falls, SD 57108

phone: 605-330-4223
fax: 605-330-4465





FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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

Email: hud@custhelp.com

Search online: <http://answers.hud.gov>



FHA Secure

Many homeowners throughout the country are at risk of foreclosure as their adjustable-rate mortgages reset to higher interest rates. FHA has announced the **FHASecure** initiative, which provides a “second chance” to borrowers who are delinquent due to their loan resetting. The **FHASecure** initiative will allow credit worthy homeowners to refinance into a standard FHA insured mortgage. To qualify for **FHASecure**, eligible homeowners must meet the following criteria:

1. A history of on-time mortgage payments before the borrower’s teaser rates expired and loans reset
2. Interest rates must have or will reset between June 2005 and December 2008
3. Three percent cash or equity in the home
4. A sustained history of employment
5. Sufficient income to make the mortgage payment

The amount of the new FHA loan may include delinquent loan payments and prepayment penalties. Lenders may also offer a subordinate lien to make up the difference between what is owed and what the home is worth. **FHASecure** is a temporary program and requires the loan application be signed no later than December 31, 2008. Additional information may be found in [Mortgagee Letter 2007-11](#).

FHA Rule on Seller-Funded Downpayment Assistance

HUD has proposed implementation of a rule to eliminate seller-funded downpayment assistance on FHA loans. The rule would clarify that downpayment funds cannot be derived from sellers, directly or indirectly, or any other party that stands to benefit financially from the purchase transaction. [This rule](#) was to become effective on October 31. However, a judge has issued a temporary order to stop enactment at this time, and HUD is complying with the order.

(Continued on page 4)

Get HUD’s FHA E-mail News

Mortgage and real estate industry partners are encouraged to sign up for FHA email updates. This will automatically provide you with important industry announcements including new mortgagee letters, handbook revisions, FHA mortgage limit increases, events and training opportunities, FHA Reference Guide updates, grants, and contracting opportunities. This is a free service from HUD. [Subscribe by clicking here.](#)

FHA Risk-Based Premiums

FHA plans to implement a risk-based premium structure effective January 1, 2008. Premiums will be based on a credit bureau score, as well as the source and amount of downpayment made by the borrower. The upfront premium will range from 0.75% for lower-risk mortgages up to a maximum of 2.25% for those considered riskier. The risk-based premium rates were [published in the Federal Register on September 20](#), with comments due by October 22.

South Dakota Single Family FHA Information			
2007 Statistics	Jul	Aug	Sep
Loans Insured	101	107	82
First-Time Homebuyers	55	69	38
Minority Homebuyers	6	5	1
Default Rate	2.29%	2.28%	2.52%
Foreclosure Rate	0.91%	0.92%	0.89%
REO Properties:			
Acquired	3	3	2
Sold	7	7	3
Owned	28	24	23

Housing Counseling Grant Awards

HUD awarded funds to two agencies in South Dakota in October bringing over \$157,000 to the state.

South Dakota Housing Development Authority will receive \$97,760 to fund housing counseling agencies around the state. Funds will be shared among Northeast South Dakota Community Action Program in Sisseton, Huron Housing and Redevelopment Authority in Huron, Sioux Empire Housing Partnership in Sioux Falls, Consumer Credit Counseling Services of the Black Hills and Teton Coalition, Inc. in Rapid City, and Neighborhood Housing Services of the Black Hills in Deadwood.



The Oglala Sioux Tribe Partnership for Housing, Inc (OSTPH) in Pine Ridge will receive \$59,769 to enhance and provide affordable homeownership opportunities to the tribal members of the Pine Ridge Indian Reservation.

Fair Housing of the Dakotas Awarded HUD Grant



EQUAL HOUSING OPPORTUNITY

It is illegal to discriminate in the rental, sale or financing of housing because of race, color, national origin, religion, gender, familial status (presence of children), disability, creed and or/ancestry. With the help of a \$220,000 Private Enforcement Initiative grant through HUD, [Fair Housing of the Dakotas](#)

(FHD) will continue to investigate allegations of housing discrimination and assist victims to file housing discrimination complaints in North and South Dakota.

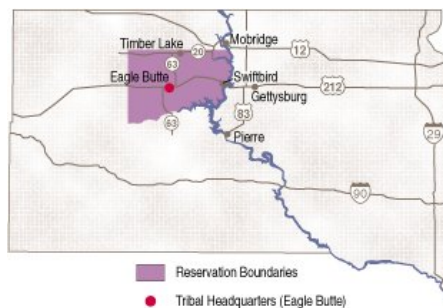
FHD will also be able to continue to conduct educational workshops throughout the state to help housing professionals comply with the law. Workshops provide Continuing Education Units for attorneys, real estate agents, social workers and appraisers.



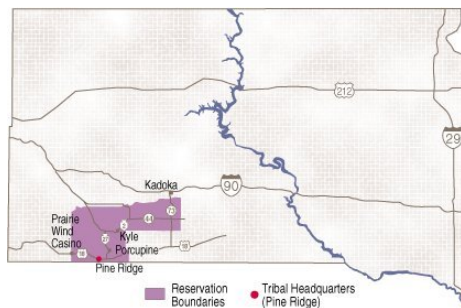
RHED Grant Awards to Indian Country

Two reservation organizations were recent recipients of HUD Rural Housing and Economic Development (RHED) grants.

Four Bands Community Fund, Inc. in Eagle Butte will use their \$300,000 RHED grant to assist 20 businesses in obtaining a loan, and will renovate 30 homes.



Mazaska Owecaso Otipi Financial, Inc in Pine Ridge will utilize their \$266,000 RHED grant to provide homeownership classes to 40 residents and provide six families with mortgage loans.



The [Rural Housing and Economic Development Program](#), assists rural communities stimulate economic development, create jobs and produce affordable housing. The grant is available competitively under HUD's Notice of Funding Availability that comes out each spring.

Oglala Lakota College Receives Grant

Oglala Lakota College (OLC) was recently awarded \$600,000 through HUD's Tribal Colleges and Universities Program (TCUP). The grant will be used to construct a 2,250-square-foot bookstore at its Piya Wiconi campus on the Pine Ridge Indian Reservation. The bookstore will assist the target population of 1,400 OLC college students as well as the 27,787 people living on the reservation.

Tribal colleges and universities grants provide resources needed to enhance academic programs.



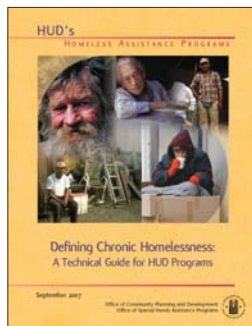
FY 2008 Fair Market Rents Published

On October 1, 2007, HUD published the final Fiscal Year (FY) [2008 Fair Market Rents \(FMRs\)](#) for the Section 8 Housing Choice Voucher program and Moderate Rehabilitation Single Room Occupancy program. The FY 2008 FMRs, developed by HUD's Office of Policy Development and Research (PD&R), are the first to use data drawn from the full implementation of the new [American Century Survey \(ACS\)](#) published by the U.S. Census Bureau. The ACS is designed to provide high quality annual data on rents for all areas and is expected to yield greater accuracy of FMR estimates.

Simultaneous with publication of the FMRs, PD&R is posting a [documentation system](#) on their HUD website. The system will allow users to review the underlying data and computations used in delivering the final FMRs for each of the approximately 2,400 FMR areas in the country.

Defining Chronic Homelessness: A Technical Guide for HUD Programs

HUD has issued a new technical guide to answer frequently asked questions pertaining to the federal definition of chronic homelessness and the standards for qualifying persons for housing under the definition. The guide is intended for non-profit local housing and service providers as well as local government agencies that are under contract with HUD to provide housing and related support services to the target population of chronically homeless persons. [View the guide.](#)



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This is a quarterly publication of the South Dakota HUD office. For active internet links, view the newsletter online at www.hud.gov/southdakota

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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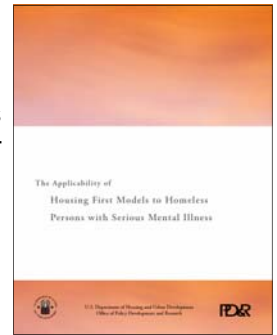
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HUD Study Examines "Housing First" Strategy

"Housing First" is a strategy developed to house and serve chronically homeless persons living on the streets and in shelters across America. It is built on the idea that moving people directly from the streets and shelters into their own permanent housing would save lives and help those living with mental illness, addictions, or other disabilities. A new HUD report documents the effectiveness of Housing First strategies. [View the report.](#)



Homelessness Resource Exchange



Visit HUD's one-stop shop for information and resources on homelessness at <http://www.hudhre.info>. There's information for communities, service providers, homeless persons and those at risk of becoming homeless.


Sign up on HUD's Homeless Assistance listserv to get automatic email updates.


(Continued from page 2)

Downpayment Assistance

HUD, the Internal Revenue Service and the Government Accountability Office have questioned the value of seller-funded downpayment programs. HUD will provide further guidance on this issue as appropriate. All other HUD-approved downpayment assistance programs are still in place, including:



 FHA-insured borrowers can still accept downpayment assistance from family members, employers, governmental entities, nonprofits or charitable organizations.

 Sellers are still allowed to contribute up to 6 percent of the sales price toward the buyer's actual closing costs, prepaid expenses, discount points and other financing concessions, such as temporary interest rate buydowns.

