

# HUD HEARTLAND NEWS



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

## New HUD Secretary Steve Preston

Steve Preston was sworn in as the 14th Secretary of the U.S. Department of Housing and Urban Development (HUD) on June 5, 2008.

Prior to joining HUD, Secretary Preston served as the Administrator of the Small Business Administration (SBA) for two years.



Secretary Preston has an extensive financial and capital markets background. Prior to overseeing SBA, Secretary Preston was Executive Vice President of The ServiceMaster Company, where he also served as chief financial officer during a period of expansion, restructuring and significant change in the regulatory environment. During the first half of Preston's private sector career, he was a senior vice president and treasurer of First Data Corporation, and an investment banker at Lehman Brothers.

Secretary Preston graduated with Highest Distinction from Northwestern University with a political science degree, and received an MBA from the University of Chicago's Graduate School of Business.

[See Secretary Preston's full biography on HUD's website.](#)

### CALENDAR OF EVENTS:

August 19-20  
[Grant Writing training](#)  
Fargo, ND

August 25-26  
[CoC & HMIS Symposium](#)  
Salt Lake City, UT

August 26-27  
[Grant Writing training](#)  
Sioux Falls

September 5  
VA Stand Down  
Sioux Falls

October 10-11  
[SD Assn of Mortgage Brokers Convention](#),  
Deadwood

October 23  
Rapid City Homeless  
Conference, Rapid City

**Volume 2, Issue 4**

**August 2008**

### Inside this issue:

FHA Mortgagee Letters	2
FHA Appraiser Roster Application	2
South Dakota Single Family FHA	2
Study of Closing Costs for FHA	2
HUD 184 Program Expands Statewide	3
HUD Report on Impact Fees Published	3
Regional Homeless Meeting August 25 & 26	3
Facing Foreclosure?	3
Emerging Leaders Program	3
Are you ready if disaster strikes?	4
HUD Reports Drop in Numbers of Chronically Homeless Persons	4
HUD Funds Permanent Housing For Homeless Veterans in SD	4



## Housing and Economic Recovery Act of 2008

President Bush signed into law July 30, 2008, [significant housing legislation](#) that addresses a number of items. The programs to be put in place under this new legislation are now being designed to go into effect as soon as possible. The bill included:

- Federal housing finance regulatory reform for Fannie Mae and Freddie Mac
- A Housing Trust fund for the construction of affordable rental housing
- HOPE for Homeowners Program to back FHA-insured mortgages to distressed borrowers
- FHA modernization



More information will be forthcoming from HUD as items from this bill go into effect. Watch for Mortgagee Letters and other HUD information about these new programs.



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

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

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



## Recent FHA Mortgage Letters may be found on the [HUD web site](#) and include:

M.L. 2008-15: Form HUD-92900-LT, FHA Loan Underwriting and Transmittal Summary, replaces 2 mortgage credit analysis worksheets. Mortgagees could begin using the new form May 5, 2008, but it is mandatory for all loan applications taken on or after October 1, 2008. Form HUD-92900-A has also been updated with some minor revisions.



M.L. 2008-16: Implements FHA risk-based premiums effective with case number assignments on or after July 14, 2008. The new premium structure is based on the borrower's credit bureau score and the loan-to-value ratio.

M.L. 2008-17: Reminds lenders of existing FHA policy regarding the use of non FHA-approved mortgage brokers when originating FHA-insured mortgages. FHA loan origination services must be performed by a FHA-approved lender or FHA-approved mortgage broker (loan correspondent).

M.L. 2008-18: HUD will discontinue telephone access to CAIVRS on October 1, 2008.

### Study of Closing Costs for FHA Mortgages

HUD's Office of Policy Development & Research has released a report by Susan Woodward and the Urban Institute entitled [A Study of Closing Costs for FHA Mortgages](#). This study presents findings on how much borrowers pay in closing costs when they buy a house, how much these costs vary, and factors to which the variation is related.



The analysis uses data from a national sample of 7,560 FHA-insured, 30-year fixed-rate home purchase loans.

Data were collected on how much borrowers paid for lender or broker services, title services, and real estate agent's services, and were then linked to information on borrower and loan

(continued on page 4)

## FHA Appraiser Roster Application and Recertification

On May 5, 2008, FHA launched an online appraiser application process that replaced the existing paper application. Appraisers should follow the instructions on HUD's "[FHA Appraiser Roster](#)" website.

All applications must be made online, and you need to have access to a scanner. Your application will be processed using the [FHA Connection](#), a web-based processing system for HUD's business partners.

Appraisers already on the FHA Roster have a responsibility to keep all personal and business information up to date. Appraisers should verify the Roster is current when the license or certification is renewed. All FHA Roster appraisers must establish a user ID in the [FHA Connection](#). Follow the instructions for "Registering a New User." All appraisers should submit license or certification renewals online via the FHA Connection. Requests for renewals or updates are generally processed within ten business days after receipt by FHA.

### South Dakota Single Family FHA Information

2008 Statistics	Apr	May	June
Loans Insured	201	219	297
First-Time Homebuyers	66	77	122
Minority Homebuyers	6	1	9
Default Rate	2.12%	2.38%	2.27%
Foreclosure Rate	1.01%	0.99%	1.00%
REO Properties			
Acquired	5	8	4
Sold	8	5	3
Owned	28	25	28

## HUD 184 Program Expands Statewide



Native Americans living in South Dakota now have more opportunities to own a home. HUD recently approved the Oglala Sioux Tribe's request for an

expansion of the [Section 184 Loan program](#) to include all of South Dakota. The expansion allows Native Americans affiliated with any federally recognized tribe to access the loan program anywhere in the state.

HUD's Section 184 Loan Guarantee program was created in 1992 to address the lack of mortgage lending for Native Americans. It offers a low down payment with flexible underwriting criteria. Loans are not limited to low-income borrowers. The money can be used to buy or rehabilitate homes, or refinance higher interest rate loans. Almost 300 Native American households in South Dakota currently have loans under the program and over 6,100 households nationwide participate.

[Learn more about the 184 program.](#)

## HUD Report on Impact Fees Published

Impact Fees are becoming an increasingly popular way to finance community facilities (schools, roads, etc.) generated by new residential development. These fees, if not done properly, can be a barrier to and a burden on affordable housing development, particularly in growing communities. HUD has recently published the report, *"Impact Fees: Equity and Housing Affordability—A Guidebook for Practitioners,"* to address this issue. The report offers sound, technical information on how to develop impact fees that reflect the actual capital costs that different kinds of housing impose. This approach assures that affordable housing developers pay only their fair share and are not overcharged. The report is available [on-line](#), and will soon be available in regular hardcopy form.



## Regional Homeless Meeting August 25 & 26

The 2008 Rocky Mountain Continuum of Care & HMIS Symposium is scheduled for August 25 and 26 in Salt Lake City, Utah. The meeting is free of charge and open to any interested parties.

Please register for this event [online](#) to ensure sufficient space and available materials. For more information call Greg Hancock at (970) 243-1838.

## Facing Foreclosure?

South Dakota has not been affected as greatly as other parts of the country with foreclosure issues. However, there are still families that are having trouble making their mortgage payments, and who face the possibility of losing their homes. What should you do to help a family facing financial difficulties and a possible foreclosure?



Encourage anyone who may have difficulty making a mortgage payment to talk to their lender, and the sooner the better. Lenders do not want to see homes go into foreclosure. There may be workout options available to save a loan. The earlier they are contacted the more options may be available.

Have the family contact a [HUD-approved housing counseling agency](#). A counseling agency can help a family re-establish a budget, and assist them in reaching a lender if they are intimidated or having trouble explaining their problem. Many counselor sessions are free or cost very little.

If the family has worked hard to keep their payments current but can no longer afford it, they can talk with a lender about refinancing their loan into an *FHASecure* loan. An FHA lender can tell them if they qualify. To find an FHA-approved lender in your area, [go here](#). If the family has an FHA-insured mortgage, they may call 1-800 CALL FHA. Select option 1 for the public and option 5 for servicing issues on an FHA mortgage. This will direct the call to FHA's servicing center in Oklahoma City for assistance with the loan.



## Emerging Leaders Program

Erik Amundson, Operations Specialist in Sioux Falls, was among 30 HUD employees recently selected nationwide for the Department's 2008-2009

Emerging Leaders Program. The training consists of a 12-15 month competency-based program for employees who are interested in broadening their knowledge and developing the skills that are the foundation of effective leadership. This program is designed to improve the current performance of its participants as well as prepare them for future leadership positions.

During the next year, Erik will be involved in a number of classes and work experiences in HUD's Headquarters Office in Washington, DC and in the Regional Office in Denver, CO.

## Are you ready if disaster strikes?

It is never too early to plan for a disaster. Disasters can hit at any time, often with little or no warning. In the last few years South Dakota has seen floods, tornadoes and blizzards devastate communities and disrupt lives.



You can take steps to be ready for disaster in your home, business, rental property or community. Preparing for an emergency like a fire or tornado saves lives. Make sure your family, employees, or tenants know your

emergency plans. Explain to them what to do in case of a fire, tornado, or a loss of electricity or heat. Give them basic fire prevention tips. Make sure they know how to get out in case of a fire and where to gather after an evacuation. Designate and have them practice where to take shelter in case of a tornado.

The South Dakota Office of Emergency Management provides a wealth of information through their [bReady](#) campaign. On their web site, you can review their [fact sheet](#) and gather information that will help you create an emergency plan, build an emergency kit, and be ready for most disasters.

(continued from page 2)  
 characteristics (including loan amounts, interest rates, credit history, income, borrowers' race and ethnicity, and the racial composition and educational attainment in the borrower's neighborhood). The analysis focuses, in turn, on fees paid to lenders and mortgage brokers, to title companies, and to real estate agents.

US Department of HUD  
 South Dakota HUD Office  
 4301 W. 57th Street, Suite 101  
 Sioux Falls, SD 57108  
  
 Phone: 605-330-4223  
 Fax: 605-330-4465  
 E-mail: [SD\\_Webmanager@hud.gov](mailto:SD_Webmanager@hud.gov)  
 Website: [www.hud.gov/southdakota](http://www.hud.gov/southdakota)

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

### [Sioux Falls Office Staff](#)

Sheryl Miller  
 Field Office Director

Roger Jacobs  
 Operations Specialist

Erik Amundson  
 Operations Specialist

Jean Wehrkamp  
 Housing Program Specialist

Jacqueline Westover  
 Housing Program Specialist

Lisa Wright  
 Secretary

## HUD Reports Drop in Number of Chronically Homeless Persons

Last year, nearly 32,000 fewer persons lived on the nation's streets and in emergency shelters according to a new report, HUD's [Annual Homeless Assessment Report to Congress](#) released recently. The report points to a 15 percent average yearly reduction in chronic homelessness since 2005.



In an address before the National Alliance to End Homelessness, HUD Secretary Steve Preston said, "We can all be encouraged that we're making progress in reducing chronic street homelessness in America and with more resources and better reporting, we can continue this trend. But we must also recognize that we have a long way to go to find a more lasting solution for those struggling with homelessness every day."

HUD defines a chronically homeless person as a disabled individual who has been continuously homeless for more than one year or has experienced at least four episodes of homelessness in the past three years. In January 2007, more than 3,800 cities and counties counted the number of homeless persons on the street and in emergency shelters on a single night. Compared to counts conducted over the past two years, this "snapshot" shows a drop in the number of chronically homeless persons and in homelessness generally. To find local homeless data, visit [HUD's website](#).

For help in South Dakota, contact the South Dakota Housing for Homeless Coalition at 605-773-3181.



## HUD Funds Permanent Housing For Homeless Veterans In SD

HUD recently announced funding totaling \$308,469 for permanent supportive housing for 70 homeless veterans in South Dakota. Funding awards were made to Pennington and Meade County Housing and Redevelopment Authorities.

HUD's Veterans Affairs Supportive Housing Program (HUD-VASH) is providing approximately 10,000 rental assistance vouchers to 129 public housing agencies nationwide to assist homeless veterans. HUD provides housing assistance through its *Section 8 Housing Choice Voucher Program* which allows participants to rent privately owned housing. The VA offers eligible homeless veterans clinical and supportive services through its medical centers across the U.S. and Puerto Rico.

