

HUD HEARTLAND NEWS



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

ARRA Funds at Work in South Dakota

Recovery Funds Save Energy in Aberdeen

New energy efficient windows and furnaces are saving energy at the Aberdeen Housing Authority. These energy saving improvements were made possible with \$166,000 the Housing Authority received from HUD under the American Recovery and Reinvestment Act of 2009 (ARRA). Over \$100,000 was used to replace 157 windows in the Homestead Apartments, an elderly public housing apartment community. The remainder of



the ARRA funds will be added to \$25,000 of 2008 capital funds and will be used to replace furnaces in 25 public housing units that are dispersed throughout the community.

Utilizing ARRA funds for these upgrades provided an economic stimulus for the local community, will save money through energy efficiency and improve the quality of life for tenants.

Recovery Funds Help Replace Furnaces in Sioux Falls

Sioux Falls Community Development is helping low-income households replace their old furnaces and save money on heating bills with \$220,000 in funding from the Community Development Block Grant – Recovery (CDBG-R) Program, part of the ARRA.



The program provides up to \$3,000 to income-eligible homeowners for the replacement of older, inefficient heating systems. Funding is provided as a no-interest loan. If the homeowner retains ownership and remains in the home, 1/3 of the loan will be forgiven after the first full year and another 1/3 of the loan will be forgiven after the second full year. The remaining 1/3 of the principal loan balance will remain as a no-interest deferred loan until the mortgage is paid and satisfied. The properties must be single-family detached homes affixed to permanent foundations.

"With the installation of a new furnace, we're hoping that families will see \$400 to \$500 in annual savings in utility costs," said Randy Bartunek, Community Development Executive Director.

New furnaces may also be eligible for an Energy Tax Credit of 30% of the furnace costs on the household's 2009 Federal Tax Return.



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CALENDAR OF EVENTS:

November 16-21

[Hunger and Homeless Awareness Week Events, Sioux Falls](#)

November 26

[Thanksgiving Holiday](#)

December 17-18

[Native American Faith-Based Conference, Rapid City](#)

December 25

[Christmas Holiday](#)

January 1

[New Year's Day Holiday](#)



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

Email: answers@hud.gov

Search online: www.fhaoutreach.gov/
FHAFAQ



HECM Counseling Agencies Roster

HUD's Home Equity Conversion Mortgage (HECM) Standardization and Roster final rule was published September 2, 2009, in the [Federal Register](#) with an effective date of October 2, 2009. All HUD reverse mortgage counselors who perform HECM counseling must now be registered.

Instructions on how to register are found [online](#). Once a counselor has completed the HECM roster application, each must also apply for an FHA Connection ID as a HECM Counselor. Each agency with a HECM counselor must have at least one, and up to four, Application Coordinators for the FHA Connection.

As of October 2, 2009, all HECM Borrower Counseling Certificates (Form 92902) must be system-generated online from FHA Connection. Certificates issued from IBIS RMA Software or any other system before the effective date will remain valid for 180 days, but after October 1, 2009, only certificates issued through FHA Connection will be accepted by lenders and HUD.

FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FHA Updates

Sub-Servicing of FHA Mortgages

[Mortgagee Letter 09-42](#) reminds lenders of the need to have all FHA mortgages serviced by FHA-approved mortgagees. One advantage of FHA-insured mortgages is the loss mitigation processes that protect FHA insured borrowers. The servicers and/or sub-servicers on FHA-insured loans must have the capacity to provide these loss mitigation processes, and therefore, they must be FHA-approved.

Loss Mitigation Training for Servicers and Counselors

[Mortgagee Letter 09-45](#) introduces HUD's new online, web based training, EClass, on FHA's Loss Mitigation Programs. The 12 different modules available include training on FHA's Home Affordable Modification Program (FHA-HAMP). FHA approved servicers and housing counselors may pick and choose the module(s) they want or register for instructor-led classroom training. The web-based application may be accessed [online](#).



Annual Lender Certification

[Mortgagee Letter 09-25](#) outlines HUD's new electronic Annual Certification for renewing FHA approved mortgagees. The electronic Annual Certification replaces the paper Yearly Verification Report required for the renewal of a lender's FHA approval.

New Condo Approvals

[Mortgagee Letter 09-46 A and B](#) outline HUD's new condominium approval process for single family housing effective for all case numbers after December 7, 2009.

New RESPA Rules for January 1, 2010

Under the Real Estate Settlement Procedures Act (RESPA), HUD requires that loan originators provide borrowers with a standard Good Faith Estimate that clearly discloses key loan terms and closing costs, and that closing agents provide borrowers with a new HUD-1 settlement statement. New RESPA regulations were published November 17, 2008, and are scheduled to take full effect on January 1, 2010.

HUD has published the "New RESPA Rule FAQs" comprised from industry questions to facilitate implementation of these new requirements. Check out HUD's [RESPA website](#) to view the common questions and answers to help implement these new requirements.

South Dakota Single Family FHA Information

2009 Statistics	July	Aug	Sept
Loans Insured	430	415	391
First-Time Homebuyers	180	171	210
Minority Homebuyers	16	8	4
Default Rate	2.93%	3.15%	3.27%
Foreclosure Rate	0.59%	0.60%	0.60%
REO Properties			
Acquired	8	8	9
Sold	7	5	2
Owned	35	38	45

Housing Counseling Funds Awarded

Three organizations in South Dakota received over \$245,000 from HUD recently to provide housing counseling services to help people hoping to buy their first home, seeking affordable rental housing, or facing foreclosure.

The funding was part of \$60 million in housing counseling grants awarded nationwide. In addition, HUD awarded \$5 million to three national organizations to train approximately 4,400 counselors to effectively assist families with their housing needs.

HUD awards grants annually under the housing counseling program through a competitive process. Organizations that apply for grants must be HUD-approved and are subject to biennial performance reviews to maintain their HUD-approved status. HUD-approved counseling agencies not only provide homeownership counseling, but also offer financial literacy training to renters and homeless individuals and families.

Housing Counseling Organization	Type of Counseling	Grant Amount
South Dakota Housing Development Authority	Comprehensive Counseling	\$170,297
Oglala Sioux Tribe Partnership for Housing	Comprehensive Counseling	\$32,236
Oglala Sioux Tribe Partnership for Housing	Loan Document Review Counseling	\$6,177
Pioneer Credit Counseling	Comprehensive Counseling	\$30,488
Pioneer Credit Counseling	HECM Counseling	\$6,000
		\$245,198

Emerging Leaders Program Graduation

Erik Amundson graduated from HUD's Emerging Leaders Program on August 13, 2009. The fifteen-month program was designed to prepare employees for future leadership roles at the Department through a variety of intensive developmental activities. As part of the program, Erik completed five weeks of classroom training at HUD Headquarters, developmental assignments at the Denver Regional Office and Sioux Falls Housing, and shadowing assignments and executive interviews in Washington, DC. Thirty-two HUD employees from across the country were part of the 2008-2009 class.



From left: USDA Graduate School President Dr. Jerry Lee, Emerging Leaders Program Graduate Erik Amundson, HUD Deputy Secretary Ron Sims, and HUD Deputy Director for Field Policy and Management David Ziaya

Tribal College and University Program

Recent awards through HUD's [Tribal Colleges and Universities Program \(TCUP\)](#) will allow two Native American Colleges in South Dakota to complete building projects.

An \$800,000 grant will allow Oglala Lakota College to expand the He Sapa Instructional Center in Rapid City. The 4,300 square-foot expansion will match the existing building and will include four classrooms and one office. The He Sapa Instructional Center was initially housed in church buildings until 2000. The school year 2008-09 saw school enrollment reach 450 students.

Completion of an auditorium at Sisseton Wahpeton College will be made possible with an \$800,000 grant through the TCUP. The grant will provide basketball equipment, sound and lighting equipment for the stage area, and equip the building with supplies and equipment so it can be used as an emergency shelter for up to 100 people. In addition, furnishings for a classroom, two offices, radio and TV studios, a control room and editing room and a large multi-purpose room will be purchased. Landscaping around the auditorium and adjoining areas of campus will also be added.



Countdown to Census 2010

With Census Day, April 1, 2010, less than five months away, the U.S. Census Bureau has kicked off its communications campaign to reach every resident in America. The 2010 Census website, <http://2010.census.gov> serves as a platform for a national dialogue about how the census develops a "Portrait of America." Site features include an interactive census form that provides a history and explanation for each of the 10 questions. This form is one of the shortest in history and takes less than 10 minutes to complete.

The website also demonstrates the Census Bureau's commitment to reaching traditionally hard-to-count populations. In mid-November, a one-page destination about the census will be available on the site in 59 languages. In addition, users will be able to download an in-language guide about how to answer the form.



In March of 2010, census forms will be delivered to every residence in the United States and Puerto Rico. Census data are used to apportion congressional seats to states, to distribute more than \$400 billion in federal funds to local, state and tribal governments each year, and to make decisions about what community services to provide.

HOPE for Homeowners Program Updated

The Helping Families Save Their Homes Act was signed by President Obama May 20, 2009. This law provided changes to make the Hope for Homeowners (H4H) program more effective. The changes have been published by HUD in [Mortgagee Letter 09-43](#). These changes should allow more lenders to refinance mortgagors experiencing difficulties making their mortgage payments.

Key changes include:

- Borrowers are ineligible if their net worth exceeds \$1,000,000,
- Borrowers must not have defaulted on any substantial debt in the last 5 years,
- The age of appraisal now follows standard FHA guidance,
- Reduced mortgage insurance premiums,
- Revised loan-to-value and debt-to-income ratios,
- Maximum loan-to-value excludes the Upfront Mortgage Insurance Premium,
- Eliminated requirement for obtaining most recent two year tax returns,
- Eliminated special lender and underwriter certification,
- Exit Premium replaces Shared Equity,
- Shared Appreciation feature eliminated,
- New note and mortgage replaces previous shared equity and shared appreciation notes and mortgages,
- Lenders must submit 5 test cases for pre-closing review by FHA.

Multifamily Housing What's New

For the most current information from HUD's Multifamily Housing HUB in Denver, go to their [website](#).

Public Housing News-To-Use

For the most current information from HUD's Office of Public Housing in Denver, go to their [website](#).

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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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Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) was funded through HUD under the Housing and Economic Recovery Act of 2008 to help stabilize



communities that had suffered from housing foreclosures and abandonment. In South Dakota NSP funds went to the South Dakota Housing Development Authority (SDHDA) and much of the funding has been conditionally committed to projects throughout the state. These projects are increasing the availability of affordable housing through single family rehabilitation, new single family construction, renovation and construction of multifamily units.

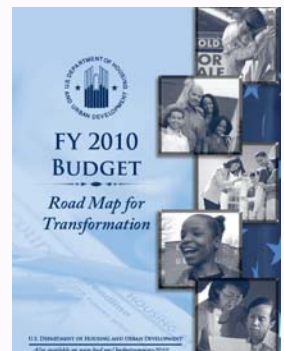
From the [SDHDA website](#), you can see where NSP funds have been committed, find more information about the program and download an application. There is still approximately \$3.8 million available for the purchase/redevelopment of abandoned or foreclosed residential properties--\$2.4 million for the benefit of households at or below 50% of Area Median Income and \$1.4 million remaining in the general pool.

2010 Fair Market Rents

The 2010 [Fair Market Rents](#) (FMR) were published in the Federal Register September 30, 2009. New FMR's went into effect October 1, 2009. They are used primarily to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts as well as serve as a ceiling in the HOME rental assistance program. FMR's for South Dakota increased on average 1.3% throughout the state.

Funding for FY 2010

A second [Continuing Resolution](#) (CR) to fund government agencies without approved budget bills became law at the end of October. The CR provides funding through December 18, 2009. Work remains on seven of the appropriation bills. HUD is one of the agencies covered by the CR.



The fiscal year 2010 [HUD budget](#) remains under consideration in Congress. For more information on HUD's request for 2010 funding, see [HUD's website](#).