

HUD HEARTLAND NEWS



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

Volume 4, Issue 2
February 2010

Inside this issue:

| | |
|--|---|
| FHA Reform Moves Forward | 2 |
| Appraiser Changes Delayed to February 15 | 2 |
| Temporary Waiver of FHA Flipping Rule | 2 |
| South Dakota Single Family FHA Information | 2 |
| HUD Draft Strategic Plan | 3 |
| Business Opportunities With the Government | 3 |
| ICAP Approved As HUD Housing Counseling Agency | 3 |
| HUD 2011 Budget | 3 |
| RESPA Questions | 3 |
| Continuum of Care Grants Renewed | 4 |
| Multifamily Housing What's New | 4 |
| Public Housing News-To-Use | 4 |
| IRS Homebuyer and Weatherization Tax Credits | 4 |
| Need Help With Your Mortgage? | 4 |
| Physical Inspection Scores Available On-line | 4 |

ARRA FUNDS AT ROSEBUD



Solar Heat Panels being installed on homes on the Rosebud Sioux Reservation in South Dakota

Sicangu Wicoti Awanyakapi (SWA), Inc., the Tribally Designated Housing Entity of the Rosebud Sioux Tribe, received funding under the Recovery Act this year for several activities, but its most significant energy saving and “green-based” activity was the installation of 100 solar heat panels. These panels are provided free of charge to tribal members through rating criteria that provides a preference to low income veterans, the elderly, and/or the disabled heads of households. The criteria was established through a collaborative partnership that includes SWA; the Tribal Utilities

Commission; the Low Income Energy Assistance Program (LIEAP); the Sicangu Nation Employment and Training Program; Trees, Water and People (TWP) and Lakota Solar Enterprise.

The panels are expected to reduce heating costs by 30% in each home. The installation was delayed slightly by extreme cold temperatures and heavy snow during the period of December 2009 through January 2010, but it is already 73 percent completed. The solar technicians ensured installations were working and instructed households on how to maintain and operate the panels. The cost for panel parts and labor for installation will result in substantial savings in heating costs for many low income people. It may also encourage other households to try this new “green energy” concept.



This innovative technology will significantly reduce heating expenses for low-income households.

New Regional Director Named

President Barack Obama has selected Denver City Councilman [Rick Garcia](#) to serve as HUD Regional Director for the six states in HUD's Rocky Mountain Region which includes Colorado, Montana, North Dakota, South Dakota, Wyoming and Utah.

Garcia will serve as HUD's liaison to mayors, city managers, elected representatives, state and local officials, congressional delegations, stakeholders and customers. He will be responsible for overseeing the delivery of HUD programs and services to communities, as well as evaluating their efficiency and effectiveness.



CALENDAR OF EVENTS:

March 18
[Business Opportunities With the Government, Sioux Falls](#)

March 23
[IBC 2009 Accessibility and Usability Seminar, Rapid City](#)

March TBA
[Grant Writing Training, Pine Ridge](#)

April 26-27
[Foundations in Environmental Review, Denver \(contact david.w.rigirozzi@hud.gov\)](#)

[Access to Affordable Housing Grants from FHLB, Rapid City \(contact cheidt@fhlb.com\)](#)



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

Email: answers@hud.gov

Search online: www.fhaoutreach.gov/FHAFAQ



Appraiser Changes Delayed to February 15

Enactment of [Mortgagee Letter 2009-28](#), Appraiser Independence, has been delayed until February 15, 2010. Originally planned for a January 1, 2010, implementation, the mortgagee letter has two parts: a) prohibition of mortgage brokers and commission-based lender staff from the appraisal process, and b) appraiser selection in FHA Connection. The effective date for both sections of this guidance now take effect for all case numbers assigned on or after February 15, 2010.

[Mortgagee Letter 2009-51](#), Adoption of the Appraisal Update and/or Completion Report, states an effective date of January 1, 2010. The effective date has been extended and now applies to all case numbers assigned on or after February 15, 2010.

FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FHA Reform Moves Forward

On Nov. 30, 2009, FHA proposed new regulations to increase the net worth requirements of FHA-approved lenders, strengthen and streamline lender approval criteria, and make lenders liable for the practices of their correspondent mortgage brokers.

[The proposed rule](#) will permit FHA to more effectively focus on lenders that pose the greatest potential threat to insurance funds and to ensure that lenders have the resources appropriate for the financial services they deliver. FHA solicited comments for 30 days and received a number of replies. All comments are now being considered in the development of a final rule.

Temporary Waiver of FHA Flipping Rule

Effective for purchase contracts dated February 1, 2010, and for one year (unless changed by the FHA Commissioner), FHA has issued a temporary waiver of the flipping rule that prohibited the quick resale of properties using FHA insurance within 90 days of a previous sale.

To protect FHA borrowers against predatory practices of “flipping” where properties are quickly resold at inflated prices to unsuspecting borrowers, this waiver is limited to those sales meeting the following general conditions:

- All transactions must be arms-length, with no identity of interest between the buyer and seller or other parties participating in the sales transaction.
- In cases in which the sales price of the property is 20% or more above the seller's acquisition cost, the waiver will only apply if the lender meets specific conditions.
- The waiver is limited to forward mortgages, and does not apply to the Home Equity Conversion Mortgage (HECM) for purchase program.

Specific conditions and other details of this new temporary policy are in the text of the waiver and are available on [HUD's website](#).



South Dakota Single Family FHA Information

| <u>FY2010 Statistics</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> |
|--------------------------|------------|------------|------------|
| Loans Insured | 421 | 402 | 501 |
| First-Time Homebuyers | 200 | 196 | 266 |
| Minority Homebuyers | 12 | 17 | 24 |
| Default Rate | 6.71% | 7.00% | 7.22% |
| Foreclosure Rate | 0.18% | 0.16% | 0.17% |
| REO Properties | | | |
| Acquired | 6 | 4 | 6 |
| Sold | 8 | 4 | 0 |
| Owned | 43 | 43 | 49 |

HUD Draft Strategic Plan

HUD has been gathering input from stakeholders and internal staff since November to complete strategic planning for the Department. Using all of the ideas generated, staff have drafted a [Strategic Plan](#) to move HUD into the future.

The draft plan includes a new mission statement and vision, and focuses on five main areas:



- Strengthen the Nation's housing market to bolster the economy and protect consumers
- Meet the need for quality affordable rental homes
- Utilize housing as a platform for improving quality of life
- Build inclusive and sustainable communities free from discrimination
- Transform the way HUD does business

You may still add your feedback to the process at [HUD Ideas in Action](#). Come join the conversation!

Business Opportunities With the Government

The Sioux Falls Procurement Committee will hold a networking session on March 18th at the Morningside Community Center in Sioux Falls. Representatives from federal, state and local government agencies will be on hand to discuss purchasing needs and provide one-on-one training in contracting procedures. Participants will have the opportunity to meet with government officials, learn about future procurement needs, sign up for the Central Contractor Registration, and visit websites of attending agencies. More information will be available soon.

Click here for a map: <http://maps.google.com/maps?q=2400+S.+Bahnson+Ave.+Sioux+Falls+SD+57103>



ICAP Approved As HUD Housing Counseling Agency

Inter-Lakes Community Action Partnership (ICAP) of Madison recently became the newest HUD-approved housing counseling agency in South Dakota. ICAP provides pre-purchase counseling and homebuyer education programs, along with mortgage delinquency and default resolution counseling. With the addition of the HUD approval, they plan to expand their housing counseling program. You may contact them at (605) 256-6518 for more information or check their [website](#).



HUD 2011 Budget

On February 2, 2011, HUD Secretary Shaun Donovan unveiled the Department's Fiscal Year [2011 budget proposal](#). The budget proposes overall funding of \$41.6 billion, 5% below fiscal year 2010, and makes difficult decisions to cut funding for a number of programs.



The budget proposal for 2011 begins the restructuring of core HUD programs. It will begin to transform rental assistance, create a CDBG Catalytic Fund competition, and reform HUD's homeless programs through implementation of HEARTH. The budget will expand partnerships with DOE to coordinate Choice Neighborhoods with Promise Neighborhoods, and link housing with health care and TANF through HHS. The budget will move forward with the fundamental reform to FHA policies by increasing the mortgage insurance premium, updating FICO scores and down payments, reducing allowable seller concessions, increasing enforcement on FHA lenders and implementing a computer systems upgrade plan.

The hard choices include cutting funding for a number of programs including the public housing capital fund, HOME, Native American Housing Block Grants, and the 202/811 housing for elderly and disabled.

RESPA Questions

Find FAQs at HUD's [RESPA website](#) or contact the [FHA Resource Center](#). Still have a question? Forward it to the RESPA e-mail box at hsg-respa@hud.gov. Lenders can call HUD's HQ RESPA Office directly at 202-708-0502. Phone calls are generally returned within 48 hours.

Continuum of Care Grants Renewed

At Christmas, HUD announced grant renewals for homeless funding under the Continuum of Care program. HUD renewed existing grants to prevent any interruption in federal funding and continue needed services. Funding for new projects under this program will be announced early in 2010.

Grant renewals provided over \$1 million for six South Dakota agencies to continue serving homeless individuals and families. HUD's Continuum of Care grants provide both permanent and transitional housing. Grants may also fund important services including job training, health care, mental health counseling, substance abuse treatment and child care.

Agencies receiving grants:

| | |
|--|------------|
| Southeastern Behavioral Healthcare, Sioux Falls | \$ 95,336 |
| Lewis and Clark Behavioral Healthcare, Yankton | \$ 126,978 |
| Cornerstone Apartments, Rapid City | \$ 73,704 |
| ICAP (Heartland House), Sioux Falls | \$ 319,372 |
| Sioux Falls Housing, Shelter Plus Care, Sioux Falls | \$ 285,504 |
| Pennington County Housing, Shelter Plus Care, Rapid City | \$ 179,736 |

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](#).

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

Phone: 605-330-4223
Fax: 605-330-4465
Email: SD_Webmanager@hud.gov
Website: 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

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

Jacqueline Westover
Program Support Specialist

Lisa Wright
Customer Service Representative

IRS Homebuyer and Weatherization Tax Credits

Effective November 2009, a new law extended the first-time homebuyer credit five months and expanded eligibility requirements for purchasers. Now an eligible taxpayer must buy or enter into a binding contract to buy a principal residence on or before April 30, 2010, and close on the home by June 30, 2010. Taxpayers have the option of claiming the credit on either their 2009 or 2010 return. Because of the documentation requirements for claiming the credit, taxpayers who claim the credit on their 2009 return must file a paper, not electronic return. Find out more details on the [IRS website](#).

Homeowners who make weatherization improvements to their homes can cut their winter heating bills and lower their 2009 tax bill. The American Recovery and Reinvestment Act expanded two home energy tax credits, the non-business energy property credit and the residential energy efficient property credit. [Click here](#) to access more information.



Need Help With Your Mortgage?

The Making Home Affordable Program was created to help millions of homeowners refinance or modify their mortgages at a level that is affordable now as well as in the future. If you or someone you know may be among the millions of homeowners who will benefit from this program – visit www.MakingHomeAffordable.gov or call 1-888-995-HOPE (4673) to determine your eligibility, access additional resources, and learn how to get the help you may need. To find a local HUD-approved housing counselor, visit www.hud.gov – they are familiar with the program and their services are free.

Physical Inspection Scores Available On-line

HUD's Real Estate Assessment Center (REAC) conducts physical inspections of properties owned, insured or subsidized by HUD, including public housing and multifamily assisted housing. About 20,000 inspections are conducted each year to ensure that assisted families have housing that is decent, safe, sanitary and in good repair. Inspection scores can now be viewed on [HUD's website](#).

