

Total Burden Hours: 135,246.

Charlene Parker,

Departmental Information Collection  
Clearance Officer.

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## DEPARTMENT OF AGRICULTURE

### Rural Housing Service

#### Notice of Funding Availability for Refinance Assistance Under the American Recovery and Reinvestment Act of 2009—Section 502 Guaranteed Loan Program

**AGENCY:** Rural Housing Service, USDA.

**ACTION:** Notice.

**SUMMARY:** This notice announces the Agency intent to prioritize \$400 million in funding that was previously made available in the **Federal Register** on July 23, 2009, for the refinance program to achieve the maximum amount of debt relief to existing borrowers and keep the borrowers in their homes, thereby, achieving long-term financial stability consistent with the goals of the Recovery Act. Additional requirements for such refinancing will ensure that existing borrowers are achieving measureable financial savings in refinancing and that Recovery Act funds are spent wisely and have transparent results.

#### FOR FURTHER INFORMATION CONTACT:

Debra Terrell, Senior Loan Specialist, Section 502 Guaranteed Loan Program—STOP 0784 (Room 2250), U.S. Department of Agriculture, Rural Housing Service, 1400 Independence Ave., SW., Washington, DC 20250-0784, telephone number 918-534-3254, or by e-mail at [debra.terrell@wdc.usda.gov](mailto:debra.terrell@wdc.usda.gov).

#### SUPPLEMENTARY INFORMATION:

##### Paperwork Reduction Act

The paperwork burden has been cleared by the Office of Management and Budget (OMB) under OMB control number 0575-0078.

##### Overview

The Rural Housing Service, an agency within the USDA Rural Development mission area, provides housing loan guarantees to lenders of rural residents through its Section 502 Guaranteed Loan Program. USDA Rural Development (hereinafter referred to as the "Agency") offers assistance to refinance existing Section 502 Direct and Guaranteed Loan Program borrowers with Section 502 Guaranteed Loans when restructuring achieves more favorable loan terms.

USDA Rural Development's Section 502 Guaranteed Loan Program is making \$400 million available under the Recovery Act for refinancing Section 502 Direct and Guaranteed Loan Program borrowers with Section 502 Guaranteed Loans. Utilization of funds from the Recovery Act for refinancing existing Section 502 Guaranteed and/or Direct Loan Program borrowers can assist responsible homeowners reduce their overall monthly debt by achieving more favorable affordable terms, increasing household cash flow, lowering the cost of ownership and benefit the economy by employing mortgage partners associated with the mortgage loan process. These funds will be made available on a first-come-first-served basis for refinance requests meeting the existing application and approval procedures based upon Section 502(h)(14) of the Housing Act of 1949, as amended, with the addition of the policy changes noted in this. Existing procedures include those in 7 CFR part 1980, subpart D. To the extent of any inconsistency, the provisions of this notice will prevail.

USDA Rural Development intends to modify and clarify policy regarding the refinancing of existing Section 502 Direct or Guaranteed Loan Program borrowers (herein referred to as "borrowers") with Recovery Act funds. Refinancing, with Recovery Act funds, is intended to help those borrowers who are seeking to achieve more favorable loan terms by transferring the financing arrangement to another approved guaranteed lender, modifying the loan type, or restructuring the repayment obligation with the present guaranteed lender. Modification and clarification of policy is intended to strengthen and support USDA Rural Development's obligation to protect its existing Section 502 portfolio. The Agency is considering adopting these program improvements in its permanent refinance program (using annual appropriations) to address increased risk and costs to the Government.

Specifically, under this notice the agency will require the interest rate of the new loan to be 100 basis points below the rate of the existing loan to be refinanced. This change will ensure the monetary benefit of refinancing to low or moderate income borrowers served by the program and achieve the investment goals of the Recovery Act. Eligible closing costs and other fees charged by the lender have been identified specifically, rather than relying upon a "reasonable and customary" test. This is intended to reduce excessive closing costs and other fees charged the borrower that can

eliminate the benefit of the refinance. To reduce risk to the Government the streamlined refinance feature has been modified to limit the new financing to the amount of the original loan. Streamlined refinance under this does not require obtaining a new appraisal, so homeowner recovery can begin more quickly as intended by the Recovery Act. This notice also expands upon and clarifies borrower qualification requirements when there is a change of borrower(s) and emphasizes the necessity of responsible homeownership in connection with repayment history. Existing borrowers seeking to refinance their Section 502 mortgage loan under this notice must have demonstrated their ability to meet payment demands by maintaining a current account for the 180 days prior to application.

Only approved lenders, as prescribed in 7 CFR 1980.309 are eligible to participate in the Section 502 Guaranteed Loan Program. Approved lenders may utilize the services of agents for processing refinance loans described in this notice. Approved lenders are responsible for loan underwriting and the action of any agent they may employ or hold a business relationship with. Rural Development will issue the conditional commitment to the approved lender if all eligibility requirements are met.

All funds appropriated in the Recovery Act are available for obligation no later than September 30, 2010. Funding provided through the Recovery Act is one-time funding. Under Section 1604 of the Recovery Act, none of the funds made available under the Recovery Act may be used for any casino or other gambling related establishment, aquarium, zoo, golf course or swimming pool. In implementing this prohibition, the Agency specifically will not finance dwellings with swimming pools.

##### General Description of Assistance

Under the Section 502 Guaranteed Loan Program's Refinance program, an approved lender may refinance an existing Section 502 Direct and/or Guaranteed Loan Program borrower with a Section 502 Guaranteed Loan. A refinance must achieve more favorable loan terms. The intent of the assistance is to give borrowers with satisfactory payment histories the opportunity to benefit from a lower interest rate and increase their ability to be successful homeowners. Two options for refinancing can be offered under this:

1. *Streamlined refinance.* Lenders may offer a streamlined refinance without obtaining a new appraisal. The lender will pay off the principal balance

of the existing Section 502 Guaranteed or Direct loan. The new loan amount cannot exceed the original loan amount and cannot include any accrued interest, closing costs or lender fees. The refinance guarantee fee (.5 percent of the loan amount) can be included in the loan to be refinanced only to the extent financing does not exceed the original loan amount. Except for the appraisal waiver, all other costs, documentation and underwriting requirements remain the same for guaranteed loan processing.

2. *Non-streamlined refinance.* Lenders may offer non-streamlined refinances (with an appraisal). The new loan may include the principal and interest of the existing Agency loan, closing costs, lender fees, and the guarantee fee (.5 percent of the loan amount) to the extent there is sufficient equity in the property, as determined by an appraisal.

#### **Loan Purpose, Term and Limitations**

In addition to 7 CFR part 1980, subpart D the following loan purpose, terms and limitations must be met to be eligible to refinance an existing Agency loan with a Section 502 Guaranteed Loan under this notice:

1. The rate of the new loan must be at least 100 basis points below the original rate of the loan refinanced.

2. No new appraisal is required for streamlined refinances described in this notice.

3. For non-streamlined refinances, a new and current appraisal is required when 12 months or greater from the original date of loan has expired or whenever the refinance loan exceeds the existing principal balance of the original loan.

4. Customary and reasonable closing costs and other fees may be collected from the borrower by the lender. Such charges may not exceed the cost paid by the lender or charged to the lender by the service provider. Excessive fees are not permitted. Examples of customary and reasonable fees and charges are: The actual cost of the appraisal, inspection, credit reports, imposed verification charges, title examination and title insurance fees, attorney fees, settlement fees, recording fees, taxes, test or treatment fees, and/or courier/wire/notary fees as long as the service provider is not an employee of the lender. Document preparation fees may only be charged if the documents are prepared by a third party not controlled by the lender. The lender may not charge document preparation fees if it prepares documents itself. An origination fee of up to 1 percent, based upon the combined total of the loan amount to be refinanced, can be charged to the borrower. Lock in/rate locks

represent other fees and charges and may be assessed to the borrower, but are not considered closing costs. Discount points paid representing application processing fees or broker fees cannot be assessed to the borrower.

5. Discount points may be financed in connection with a non-streamlined refinancing when the existing borrower's adjusted household income is at or below low income adjusted income limits, as determined by 7 CFR part 1980, subpart D. Discount points financed will not exceed two percentage points of the loan amount. See <http://eligibility.sc.egov.usda.gov/to> electronically confirm the existing borrower's adjusted household income. Select Guaranteed from the navigation menu under Income Limits.

#### **Borrower Qualifications**

Borrowers must meet program requirements in 7 CFR part 1980, subpart D to be eligible for a refinance loan through the Section 502 Guaranteed Loan Program. In addition:

1. Borrower(s) on the existing promissory note must be identical to the borrower(s) on the new promissory note, except if one or more of the borrowers have died, or if the borrowers have divorced. If a borrower intends to relinquish their interest, the remaining borrower(s) must be eligible for the new loan and demonstrate repayment ability without assistance of the departing/departed borrower.

2. The borrower must have been current on their Section 502 loan for the 180 days prior to loan application. Any late payments in the past 36 months must be considered in the underwriting analysis. The permanent loan file for the new loan must contain documented evidence that the payment history requirements have been met according to 7 CFR 1980.345.

Dated: October 20, 2009.

**Tammye Treviño,**

*Administrator, Rural Housing Service.*

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## **DEPARTMENT OF COMMERCE**

### **Bureau of the Census**

**[Docket Number 0910011333-91334-01]**

### **Annual Wholesale Trade Survey**

**AGENCY:** Bureau of the Census, Commerce.

**ACTION:** Notice of Determination.

**SUMMARY:** The Bureau of the Census (Census Bureau) publishes this notice to

announce that the Director has determined the need to conduct the Annual Wholesale Trade Survey (AWTS). Through this survey, the Census Bureau will collect data on annual sales, e-commerce sales, purchases, total operating expenses, year-end inventories held both inside and outside the United States, commissions, total operating revenue, and gross selling value, for three components of wholesale activity: wholesale distributors; manufacturers' sales branches and offices and agents, brokers, and electronic markets.

**ADDRESSES:** The Census Bureau will furnish report forms to organizations included in the survey. Additional copies are available upon written request to the Director, U.S. Census Bureau, Washington, DC 20233-0101.

**FOR FURTHER INFORMATION CONTACT:** John Miller, Service Sector Statistics Division, on (301) 763-2758 or by e-mail on [john.p.miller@census.gov](mailto:john.p.miller@census.gov).

**SUPPLEMENTARY INFORMATION:** The AWTS is conducted each year for three components of wholesale activity: Wholesale distributors; manufacturers' sales branches and offices; and agents, brokers, and electronic markets. This survey collects information on annual sales, e-commerce sales, purchases, total operating expenses, year-end inventories held both inside and outside the United States, commissions, total operating revenue, and gross selling value. For wholesale distributors, the Census Bureau will collect data covering sales, e-commerce sales, year-end inventories held inside and outside the United States, purchases, and total operating expenses. For manufacturers' sales branches and offices, the Census Bureau will collect data covering annual sales, e-commerce sales, year-end inventories held inside and outside the United States and total operating expenses. For agents, brokers, and electronic markets, the Census Bureau will collect data covering commissions, total operating revenue, gross selling value, and total operating expenses. For more information on the components of wholesale activity covered under this survey, please see the North American Industry Classification System Web site at <http://www.census.gov/eos/www/naics/index.html>. The Census Bureau has determined that the conduct of this survey is necessary as these data are not available publicly on a timely basis from non-governmental or other government sources.

The Census Bureau will require a selected sample of firms engaging in the three covered wholesale activities in the United States to report in the 2009