E-Filing Soon Coming to Your State

For quite a few years, grantees have been hearing that at some point they will be able to e-file their 502 loan applications to Rural Development. Well, that time has finally arrived. NCALL is hearing that it is the goal of Rural Development that by the end of this fiscal year, all states should be accepting only e-filed applications, using a system called eForms.

So, why is this good? Right now, when a paper file or even emailed application is submitted to Rural Development, RD staff have to hand key it into their UniFi system. This takes time. With so many less RD employees and many of them working on the 502 guaranteed program, this extra time tends to slow down the processing of files. Now, when they receive an application through eForms, they just have to hit a button to accept it and the information in the application will be loaded into UniFi automatically. There are some exceptions. We are hearing that the e-file system is not capable of reading special characters, so try to limit your use of these. Symbols like “&” can trip up the system and make the RD staff have to key that in by hand.

In addition to the loan application, the system will accept other PDF uploads as well. Anything that you normally would have submitted as part of an application, will be submitted through this new system. You will still have to mail a check to order the credit report.

The timing right now seems to be up to the individual states, so check with yours to see what they have planned. The Rural Development state offices need to submit an implementation plan to the National Office. Then, when the switch is made, they will only be able to accept applications through eForms. So, at that point grantees will need to be e-filing their applications.

(Continued on Page 2)
**E-Filing** (Continued from Page 1)

The National Office is providing training to the states on how this will be done. NCALL personnel attended one of these training sessions and the system seems like it will be fairly easy to use.

The grantee staff that will be doing this will need to have Level 2 e-Authentication access. This is the same as is needed for SHARES access. If you already have this, you don't need any further approvals and should be able to enter eForms as soon as your state switches over. If you do not, you will have to get this authorization. RD is indicating that this can now be obtained online without visiting an RD office in person.

This eFoms system will be in use for at least a year until the new UniFi system, DirectUs, is launched. This is expected sometime next year. This system will have an integrated application system as a part of it, called RD Apply.

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**Local Economic Impact Studies Coming in April**

Now is a key time for us to have quality data about our programs. Broad data speaks volumes and makes it easier to advocate to local government and congressional leaders on the importance and need for our programs. It helps prove the true impact of Self-Help Housing. To help you show the impact that Self-Help Housing has on your local economy, NCALL will be providing economic impact studies on Region III grantees during the month of April. This service will be available ongoing.

We suggest using this data in letters to community leaders and on your website and social media. It should also be shared with your Board, staff and volunteers.

NCALL will provide all operating grantees with information on the benefits their specific Self-Help program makes to the local economy, including the amount in spending by new homeowners during the first year, the ongoing benefits to the local economy over time, and the benefits created because of construction, including the number of jobs created.

Here is what is included in the Economic Impact study:

- One-time benefits to local economy from construction
  - Total local income from construction
  - Taxes and fees from construction
  - Local jobs in construction and related industries
- Added first-year move-in spending by new homeowners
  - Income to local economy from move-in spending
  - Total taxes and fees to local governments
- Ongoing benefits to the local economy over 10 years
  - Total income to local employees and businesses annually
  - Total in taxes and revenue to local government annually
  - Total additional income to local government, employees, and businesses over 10.5 years
  - Jobs supported annually in the local economy

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**New Applicant Orientation Video**

Rural Development has released a new video that is meant to take the place of the standard face-to-face applicant orientation. Normally, RD staff are required to meet with a borrower prior to loan closing to go over information about the program and loan specifics. Now, having the borrower watch this video will take the place of that meeting. The new video can be found at [https://www.youtube.com/watch?v=XxobzC24FfU&feature=youtube](https://www.youtube.com/watch?v=XxobzC24FfU&feature=youtube). It’s 18 1/2 minutes long.

Some RD offices may still want to meet borrowers in person; it will probably be left up to the discretion of RD state offices. This change means that grantee personnel should take even more care in explaining the 502 loan program, because your clients might not be hearing as much from RD staff.
Rising Interest Rates – Friend or Foe

After what seems like a long period of decreasing or flat-lined interest rates, the mortgage market is changing. Interest rates are creeping slowly upward. To most this is seen as a negative trend, right?

For the average home buyer using conventional or other market-based financing this is true. But consider that rising interest rates may have a positive impact on your Self-Help program.

Artificially low rates have made it easier for home buyers to afford a home—often the home of their choice—perhaps a “bigger or better” home than they could build or rehabilitate through the Self Help program. With the buying power of a mortgage in the 3% range, why go through the time and effort of building or repairing a home when you can buy a turnkey property? While those who work in the Self-Help realm would have ready answers for that question (built in equity, learning construction skills, better construction quality, etc.) the average lower income home buyer may not see those advantages.

To emphasize the point, consider the difference between a 3% and 4% interest rate on a $100,000 home for a low income buyer. The difference in monthly payments would be about $57. To cover that $57 increase in payment would require about a 12.5% increase in income. If rates go to 4.5% it would require an 18% increase in income, using Rural Development’s PITI ratio requirements.

The point of course is not to wish higher interest rates on the market and on home buyers, but to recognize that, with the 502 program using interest subsidies and the conventional/FHA/VA market getting a little less affordable, higher interest rates can be a marketing tool for your program that hasn’t been available for quite some time.

New RD Housing Brochure

Rural Development released a new brochure recently called “Own Your Future”, which promotes both the section 502 and 504 loans and grants. This brochure might be helpful if you are looking to advertise the program or want to provide something in addition to your current promotional items.


Updated Loan Calculation Worksheet

In January, NCALL sent out a notice to all grantees that included a link to Rural Development’s new worksheet for computing income and maximum loan amounts. This Excel based form is a replacement to one grantees and other practitioners have been using for many years. It might seem longer and more intimidating, but it really will be a helpful tool once grantees are accustomed to using it.

Since we originally sent out that email, Rural Development has made some changes to the form, so please visit their website and download it again. https://www.rd.usda.gov/files/ RD-RHS-IncomeWorksheet.xlsx

Having trouble using it? Rural Development also has made a video with an explanation of how to use the form. You can see that here: https://usdard.adobeconnect.com/p3qegs02ka4/?launcher=false&fcsContent=true&pbMode=normal
Budget News

The government is still operating on a continuing resolution (or CR) that was passed in December. It lasts through April 28, 2017. After that it is not clear if there will be another CR or an actual budget....although a CR is looking like the more likely option.

As the name implies, the CR will generally fund the government at FY 2016 levels, with some exceptions. This CR will keep Self-Help funding at the $27.5 million level instead of the proposed increase to $30 which was in the Senate budget for FY 17.

USDA Rural Development is estimating the need for 523 grant funding this year right about at the amount that they will have to spend. Because of this, they are developing funding guidelines with this in mind.

They are asking that groups only request the same amount of funding in their new applications that they have in their current grant. They understand that some groups may have to decrease their production in order to stay in business, as costs have been increasing and grants have not. They are also planning to fund grants during this fiscal year that are going to expire through January 2018. So, if your grant expires after that date, RD might ask you to hold your application until next fiscal year.

With the outcome of the FY 18 budget still unknown, what is known is concerning. If the President’s goal of $54 billion in additional defense spending passes, other discretionary programs will need to be reduced or eliminated. With many programs potentially on the chopping block, this a good year to get involved.

Invite your Congressional representatives to tour your site and hear about your programs. Also share the sign on letter that Representative Sean Duffy (R-WI) and Rep. Jim Costa (D-CA) have created in support of rural housing programs for FY 18. The letter, which can be found here, was released on Friday, and closes on Monday, April 3rd.

USDA’s Summer Foods Service Program 2017

Across the nation many children receive free or reduced-price breakfast and lunch while school is in session through USDA’s School Breakfast and National School Lunch Programs. However, when schools let out for the summer, many of these children are likely to have limited or no access to breakfast and lunch. Together we can work to ensure that kids who rely on free and reduced priced food during the school year have access to food during the summer too.

USDA Rural Development Section 523 Grantees offices could provide great opportunities to host the Summer Food Service Program. With your participation in the program, your community can receive meals from local sponsoring organizations (such as Boys and Girls Clubs, local school districts, etc.). Sponsors prepare or order the food, deliver it to your community, and are reimbursed by USDA for the costs.

Rural Development invites you to join the Summer Food Service Program and provide free, healthy meals to children living in your community. Your responsibility in this effort is manageable: You are expected to provide a location for meals to be distributed (inside or out), provide oversight, and keep records. Details would be worked out with the champion sponsor organization in your town.

Learn more at www.summerfood.usda.gov, where you can find many resources, including information specifically for property managers. Find your local sponsoring organization by contacting your State Agency at www.fns.usda.gov/cnd/contacts/StateDirectory.htm.

Thank you for considering taking part in this valuable program. With questions for Rural Development, please call your local State Office Representatives or contact Andria Hively with the National Division at Andria.hively@wdc.usda.gov. Let’s help eradicate child hunger across the nation!
Building Material Prices on the Rise

Building material prices continue to rise because of reduced manufacturing capacity and increasing demand. So, it’s a good time to carefully consider material choices as prices have gone up…dramatically in some cases.

According to the National Association of Home Builders (NAHB), the prices of softwood lumber, gypsum, ready-mix concrete, and OSB all increased in February, according to the latest Producer Price Index (PPI) released by the Bureau of Labor Statistics. The increases were led by gypsum products, with softwood lumber a close second.

After decreasing in four of five months, the price of softwood lumber rose in February. The 4.8% increase was the biggest in four years and largely, if not completely, due to the ongoing softwood lumber trade dispute between the U.S. and Canada. Some softwood products rose as much as 30% during the three-week period from January 27th to February 17th.

Gypsum prices posted a 5.3% increase, the largest increase since January 2015. Prices rose by a total of 6.2% in the first two months of 2017, reversing a three-year trend. It is unsure whether these increases are an isolated phenomenon or the start of a 2017 trend.

Softwood Lumber
With the price of softwood lumber increasing, it’s important for anyone thinking of building to pay close attention to its price as it can represent anywhere from 5% to 8% of the cost of a new home. Unless you choose to build the home’s structure with steel or concrete, you will most likely use large quantities of softwood. However, there are a few steps you can take to minimize the effect on your budget.

- Roof Trusses – By using roof trusses instead of traditional rafters and beams, you will effectively use less softwood material.
- Stud Spacing – You may want to increase the stud spacing on non-load bearing walls.
- I-Joists – Manufactured joists decrease your dependence on softwoods in traditional 2×10 and 2×12 joists. These joists typically use an OSB web and a glue lam top and bottom cord.

OSB
Oriented strand board, also called OSB, is a sheathing material used in most self-help homes. Over the years, OSB has taken over as the primary material used in new homes for subfloors and roof and wall sheathing. Because it comes from small wood chips glued together, it has traditionally been the more affordable building material choice over plywood and other structural sheathings. However, with its prices increasing, there might be other options to consider.

Plywood is considered by many builders as a superior product over OSB. Although traditionally more expensive, it probably makes sense to ask your lumber supplier for comparison pricing. Other options for sheathing substitutes would be Thermo-ply or similar structural manufactured products. These are structural panels that add rigidity to your home and can provide an air and water barrier. Your lumber supplier will be helpful in researching alternatives for quality and price.

Gypsum
Drywall typically makes up about 5% of the cost of a new home and you can figure about half of that cost is for labor. So, be sure to figure the additional material cost into your preliminary budgets.

Building Material Prices Going Forward
Additional residential building cost increases are inevitable over the near term as home building heats up in the U.S the predicted increases going forward are as follows:

- 2017 – Projected Material Cost Increases of 2 to 4%, Labor Cost Increases of 3 to 4%
- 2018-2019 – Material Cost Increases of 3 to 7%, Labor Cost Increases of 2-4%

For a home priced at $200,000, typical building costs will be around $120,000. If actual cost increases come in somewhere in the middle of the predictions at 5.75%, building costs could increase about $6,900 per home this year.

Building material prices are going up… that’s a fact. However, with the proper planning you can lessen the effect they have on the overall cost the home.
Rural Development Interest Rate

The Rural Development 502 Direct note rate is 3.25% in March, but could be going up as the Fed raises interest rates. Keep this in mind when qualifying applicants.

NRSHHA Requesting Dues

The National Rural Self-Help Housing Association (NRSHHA) has put out a new brochure and is currently collecting dues. You should be receiving this in the mail soon. Please contact NCALL if you don’t get one.

NRSHHA was founded in 1988 by mutual self-help housing providers working together to: share information and best practices with peers; solve problems related to the rules and execution of the program; promote the mutual self-help program nationally; and advocate for resources to support mutual self-help housing. The dues vary from $250-$2000 annually depending on your grant amount. Now more than ever, it’s important to support this organization!

Graphic Design Made Easier

Many housing nonprofits report they use Canva (www.canva.com) to make their own graphic designs in house, including flyers, social media graphics, post cards, letterheads, and desktop wallpaper. This program allows them to select templates set at the optimal size for the design they want to create, i.e. Facebook post (optimal size 940px x 788px) or Facebook event header (784px x 295px). From there they can select from hundreds of pre-designed templates and edit them as much as they would like.

Canva focuses on drag-and-drop controls, so adding, removing, changing colors, and editing elements on your “canvas” is easy. There is a search function to browse a repository of images, or you can upload your own and then adjust them and add filters. You can add or edit text or shapes too. This free web-based program is designed to make it easier and faster for most of us to create graphic designs without needing to pay a professional. While many Canva elements are completely free, many images you’ll see on search results are Premium, and will cost you $1 per image once you download the design. You can still create fantastic designs without paying a dime.

There are hundreds of videos on YouTube to help you get familiar with the program. Try ones created by Canva itself by going to www.youtube.com and searching “Canva”.

Regional Conference Call Planned

NCALL will be hosting another regional conference call on Thursday, April 27th at 10:00 a.m. for an open discussion. Please join us and be prepared to share your thoughts and questions. More information will be coming out soon.

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