

United States Senate

WASHINGTON, DC 20510-2003

July 31, 2014

The Hon. Tom Vilsack, Secretary
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Vilsack,

I write today because I have heard from constituents about long delays in loan approvals in the U.S. Rural Housing Service's Single Family Rural Housing Guaranteed Program.

I want Maryland's rural communities to have access to affordable housing – and the Single Family Rural Housing Guaranteed Program is a key program in this effort. Unfortunately, I'm learning that excessive delays have caused some Marylanders to abandon home purchases through USDA altogether.

I have heard that loan processing time has fallen from an 11 day turn-around time to a 30 day turn-around time. I understand that these delays means that home buyers are seeing interest rates go up and sellers are walking away from transactions. Additionally, home buyers are being forced to re-submit documents in loan files as they expire while buyers wait for their loan approval.

I have also heard that delays are common in the processing of applications for programs across the agency like the Community Facilities Loan and Grant Program. And I understand the connection between these processing delays and reductions in agency staff from austere budgets and the sequester. It is an indication of the success of these programs that constituents in rural areas of Maryland are so passionate about them. But their complaints of delays cannot be ignored.

I have enclosed a letter from the Maryland Association of Realtors that provides a summary of the issue with the Single Family Rural Housing Guaranteed Program based on their first-hand experiences with home buyers who are frustrated by delays. Please respond directly to Mr. Russ Boyce and send a copy to Aaron Edelman of my staff. If you have any questions, please call Mr. Edelman at (202) 224-4654.

Thank you for your commitment to Maryland's rural communities and your attention to this issue.

Sincerely,



Barbara A. Mikulski
United States Senator



July 16, 2014

The Honorable Barbara Mikulski
US Senate
503 Senate Hart Office Building
Washington DC 20510

Dear Senator Mikulski:

On behalf of the 22,000 members of the Maryland Association of REALTORS®, I am writing to express concern over changes by the U.S. Rural Housing Service (RHS) that have negatively impacted our members and their clients.

Recently, MAR members have experienced serious time delays with direct and guaranteed loans for both single and multifamily housing provided by the RHS. Loan processing times for the Single Family Rural Housing Guaranteed Program -- which typically took 11 days two months ago -- are now processed in a 30-day turn-around time. The nearly threefold increase in review time has caused Marylanders to lose locked-in interest rates and even prevent settlements from occurring. These problems are driving some Marylanders away from RHS products and the home purchase altogether because conventional loans cannot meet the favorable terms of the RHS product lines.

Other states, even within the mid-Atlantic region, are not experiencing the delays affecting Maryland and Delaware homebuyers. The changes appear to be the result mostly of an operational shift in staff resources in the Maryland and Delaware USDA office away from popular loan programs to underutilized programs with little demand. MAR understands a reallocation in human resources when there is an equal demand for Rural Development's various products. It is not apparent that this is the case here.

While management decisions appear to be the root cause of Maryland's problems, there have been various policy attempts to address other RHS loan processing issues. Both FHA's mortgage insurance program and the Veteran Affairs loan guaranty programs already utilize private lenders to engage in Direct Endorsement of loans. These agencies permit certain lenders to underwrite the loans rather than the agency itself. Direct Endorsement has helped these agencies process more loans

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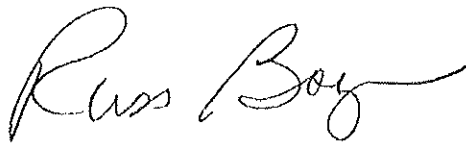
more quickly. Direct Endorsement has been discussed in relation to the FY'2015 Appropriation for the Department of Agriculture too but has yet to be incorporated in any bill.

Finally, these problems are impacting negatively the weakest parts of the Maryland real estate market. Many rural areas have not enjoyed the market rebound experienced in many of Maryland's more urban and suburban communities. MAR requests your assistance to determine whether some staffing resources can be rededicated back to the Single Family Rural Housing Guaranteed Program for Maryland and Delaware, and that you consider policy changes allowing USDA to engage in the same type of Direct Endorsement programs embraced by FHA and VA. I am including comments from our members for your review as well as a recent statement by NAR entitled, *A Review of Credit in Rural America*, submitted for the *Congressional Record* (6/24/14).

Should you have any questions, please feel free to contact MAR staff members Susan Mitchell or Bill Castelli at 800.638.6425.

Many thanks for your serious consideration of this request.

Sincerely,



Russ Boyce
2014 MAR President

Attachments