



Rural Development
U.S. DEPARTMENT OF AGRICULTURE



New Homeowner Information Guide

Together, America Prospers



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Introduction

Your USDA Rural Housing Service home loan originated — and was closed — in one of our locally-based Rural Development (RD) field offices. Your loan is now serviced at the Servicing and Asset Management Office (Servicing Office) headquartered in St. Louis, Missouri. The Servicing Office's mission is to provide you with accurate, friendly customer service to assist you in becoming a successful homeowner.

Role of the Servicing and Asset Management Office (Servicing Office)

The Servicing Office offers a variety of services designed to help Rural Housing Service customers succeed as homeowners. Here are some of the more common ways in which we can assist you:

- **Processing payments:** The Servicing Office ensures you understand how much - and when - to pay each month. Billing statements generally are mailed 15 days prior to each payment due date. Your billing statement also includes such information as your account number, the principal balance remaining on your loan, your next payment due date, and a breakdown of your payment amount.
- **Managing escrow, taxes, and insurance:** All USDA-financed homeowners are required to pay real estate taxes and maintain acceptable hazard - and in some instances - flood insurance. The Servicing Office manages these requirements via escrow accounts, paying taxes and insurance bills on the customer's behalf. See page 10 for details.
- **Assessing eligibility for payment subsidy:** If you receive payment assistance or interest credit subsidies, your income must be periodically reviewed to ensure you are receiving the correct subsidy amount. Keep in mind that customers who do not currently receive payment subsidy may request this assistance if their financial situation changes.
- **Final Payment:** The Servicing Office will explain how final loan payoff amounts are calculated, and what documentation is needed to determine the final payoff on your account.

Contact Information

Customer Service Representatives available:

Monday - Friday 7 a.m. - 5 p.m.
Central Standard Time (CST)
Phone: (English and Spanish) 800-414-1226

Payment Counselors available:

Monday - Thursday 7 a.m. - 6 p.m. CST
Friday 7 a.m. - 5:30 p.m. CST
Phone (English and Spanish): 800-793-8861

Help for customers with hearing loss:

Monday - Friday | 24 hours
TDD-CST 800-438-1832
TTY-RELAY 800-735-2466

Payment mailing address:

USDA - RD
P. O. Box 790170
St. Louis, MO 63179-0170

NOTE: Always write your account number on your check. Please do not send cash, coins, or stamps.

Addresses for written inquiries

Written notices or requests for information must include the name of the borrower, account number, a description of the error believed to have occurred, or of the information requested.

General loan servicing inquiries:

USDA, RD, SERVICING OFFICE
P. O. Box 66889
St. Louis, MO 63166
Fax: 314-457-4431



To submit written notice of a possible loan servicing error, or for general information:

USDA, RD, SERVICING OFFICE
P.O. Box 66755
St. Louis, MO 63166

For regular and overnight mail payoff funds remittance, see page 14.

Interactive Voice Response

Interactive Voice Response allows you to access your account information and make payments 24/7 without having to speak directly to a customer service representative. The system offers a selection of self-serve options from which to choose.

To ensure account security, you'll be required to enter your USDA mortgage loan number and the last four digits of your social security number.

To access your account, call 800-414-1226 and follow the prompts.

Payment Options

Web access:

You can access your mortgage loan online at <http://rdhomeloans.usda.gov>. Once you reach the webpage, click "Login" to register.

eAuthentication ID:

An eAuthentication ID (eAuth ID) is required to access your loan information. You may obtain an eAuth ID by following these steps:

1. Go to <https://www.eauth.usda.gov/eauth/b/usda/registration>
2. Follow the prompts under "Account Registration."
3. Activate your account via email instructions.

The first time you access your account, you will be required to enter your mortgage account number and the last four digits of your social security number. Once your access is authenticated, you will no longer be asked for account and social security numbers.

Preauthorized debit (PAD):

A preauthorized debit (PAD) is a free service that allows your payment to be automatically withdrawn from your checking or savings account on the same day each month. See page 8 for additional information.

Customer Initiated Payment (CIP):

Customer Initiated Payment (CIP) is a free service that allows homeowners to use a telephone to make payments from their checking or savings accounts.

Call 800-414-1226 and press Option 1 at the main menu, or hold for a representative to assist you.

NOTE: The CIP service cannot accept debit card payments.

The following information is required to make a CIP:

1. A valid bank account number from which the funds will be withdrawn
2. The nine-digit bank routing number found on the bottom left-hand corner of your check. (For savings account debits, please contact your bank to obtain a valid routing number.)

NOTE: Customers who prefer monthly automatic withdrawals should visit the Servicing Office Mortgage Account Information (MAI) page or apply for a PAD as detailed on page 8.

Western Union Quick Collect:

To make payments via Western Union Quick Collect, you will need the following information:

- Account Number
- Company Name: **USDA/RHS**
- Code City: **USDARURAL**
- State: **MO**

NOTE: Western Union charges a fee for this service. To locate a Western Union service center, call 800-325-6000. If you experience problems with your money transfer, call the Western Union Quick Collect Customer Service Department at 800-238-5772.

MoneyGram

Call 800-926-9400 to find a MoneyGram location near you. Note: MoneyGram charges a fee for this service. You will need the following information to make a MoneyGram Express payment:

- Receive Code: **2265**
- Company Name: **USDA/RHS**

- City: **St. Louis**
- State: **MO**
- Your USDA account number

Payments and Fees

What does my payment include?

Your scheduled payment consists of principal and interest. Once the required escrow account is established, payment also will include amounts for taxes and hazard insurance. This is often referred to as "PITI" - Principal, Interest, Taxes, and Insurance.

NOTE: Payments are not credited to your account until the total scheduled payment is received.

When is my payment due?

Payment is due each month on the anniversary date determined by your original loan closing, unless your closing occurred on the 29th, 30th, or 31st days of the month. If your loan closed after the 28th of the month, you must choose a payment date between the 1st and 15th day of the following month 30 days after closing. Your billing date will always show your payment due date.

Example 1: If your loan closed on July 15, 2020, your monthly payment is due on the 15th of each month.

Example 2: If your loan closed on July 30, 2020, your monthly payment is due on the 28th of each month.

When do I get my billing statement?

Billing statements are generally sent at least 15 days before each payment is due. When mailing your payment, always include your account number(s) on your check or money order. If you have more than one account, you will receive only one billing statement including the total amount due for all loans. To ensure prompt processing, be sure to include the billing statement along with your payment.

What if I don't receive a billing statement?

Call SAMO at 800-414-1226. We will ensure your account is properly noted and advise how you can make your payment.

NOTE: You can use any of the **other methods of payments** described on page 6. To **mail payments**, see page 5-6 of this booklet.

Can I receive billing statements in Braille?

Yes. Please contact a customer service representative at 800-414-1226 to initiate this service.

Can I make my payment with cash?

No. Acceptable forms of payment include preauthorized debit (PAD), checks, money orders, bank drafts or electronic funds such as Customer Initiated Payments (CIP) / check by phone as detailed on pages 6-7, Western Union, or MoneyGram.

What is a preauthorized debit (PAD)?

Under a preauthorized debit payment (PAD), the monthly amount due is automatically withdrawn from your checking or savings account on the same date each month. You will receive confirmation that your payment was withdrawn from your bank account. The confirmation of payment looks like a billing statement. However, because your account is on PAD, the statement is for informational purposes only.

A preauthorized debit is the most reliable and convenient method of making your mortgage payment. Since payments are automatically withdrawn from your checking or savings account, payments are always made on time. PAD also saves on postage or third-party usage fees.

How do I establish a PAD account?

To establish a PAD account, contact a customer service representative at 800-414-1226.

What happens if I pay more than the amount due?

When more than a full scheduled payment is received, any remaining funds in excess of your payment typically are applied to the principal balance of your loan.

What happens if I only send a partial monthly payment?

If less than a full scheduled payment is received, the partial payment will appear on your account statement. However, the funds cannot be posted to your account until the total amount of your payment has been received.

Example: A full payment amount is \$300, but a partial payment of \$250 is made. Until the remaining \$50 is paid to equal the full payment amount, the \$250 will be held in "unapplied" status and the payment will be considered late until the total amount due - \$300 - is received.

If the full amount due is not received by the due date, you may be contacted by a Servicing Office counselor regarding remittance. Further, if payment in full is not received within 15 days of the due date, a late fee may be charged.

Can I round off my payment?

Yes. If you want to round off your payments, you must round **up to the nearest whole dollar**. If you round your payment down, the payment will be less than the full scheduled payment, and will not post to your account. This could result in your payment being considered past due.

Example: *If rounding, \$431.03 should be rounded up to \$432.00. The additional .97 cents will be applied to principal as long as payments on the account are up-to-date.*

If an amount over my regular payment is applied to principal, how can I pay my monthly payment ahead of schedule?

If you wish to pay in advance on a scheduled installment payment, the extra amount **must** be for the **exact amount** of the next scheduled payment. The Servicing Office must be informed that this payment amount is intended to pay your loan ahead of schedule, and not to reduce the principal. Call 800-414-1226 to discuss.

When is an account considered past due?

An account is past due if the full scheduled payment amount is not received by the due date.

What is a late fee?

A late fee is assessed if a full payment is not received within 15 days of the payment due date. The late fee is calculated at 4 percent of the customer's portion of the principal and interest payment due on the account, unless state law requires a different rate. The late fee will be charged on the 16th day after a payment is due, and will appear on the next month's billing statement.

What if I can't make my payment by the due date?

Contact a Servicing Office counselor at 800-793-8861 as soon as you determine you cannot make your payment by the due date. Be prepared to provide your name, account number, current address, a telephone number and alternate number where you can be reached, and the last four digits of your social security number.

It is crucial to advise the Servicing Office immediately if your payment will be late. Include the reason for the delay, and inform the counselor when you will make the payment. This will help them determine whether there are servicing options available to assist you. Also remember that if payment is not made within 15 days of the due date, a late fee may be assessed.

NOTE: The Rural Housing Service is required to report the status of all accounts to credit reporting agencies.

What happens if I don't contact the Servicing Office concerning a late payment?

If your account is past due, a letter will be sent to remind you of the past due amount. You may also be contacted by a Servicing Office counselor. The counselor will work with you to make suitable payment arrangements to bring your account current, and to advise of any servicing options available to you based on your situation. Remember, if your payments are late, you may incur late charges as well as being reported to credit reporting agencies.



Special Servicing Options

What is a Promise to Pay Agreement?

A Promise to Pay (PTP) is a firm commitment of payment arrangements made between you and a Servicing Office counselor to bring the account current within a specified amount of time.

What is a Delinquency Workout Agreement?

A Delinquency Workout Agreement (DWA) is an approved plan to bring the account current. A DWA allows you to pay an additional amount above the regular monthly payment to cure a past due amount. Your repayment ability will be based on an analysis of the financial documents you submit to the Servicing Office, as well as other program eligibility requirements. For more information, please contact the Servicing Office at 800-793-8861.

What is a moratorium?

A moratorium "stops the clock" or suspends regular monthly payments for six months up to two years to enable you to recover from a significant loss of income or unexpected expenses. This servicing action is only considered if your income has been temporarily lost or reduced due to circumstances beyond your control, such as loss of job, accident, illness, injury, or death.

What if I don't need a moratorium, but have had a decrease in my household income?

You should contact the Servicing Office to see if you qualify for additional payment assistance or subsidy.

What is a re-amortization?

A re-amortization of your loan establishes a new, revised schedule of equal monthly payments of principal and interest over the remaining term of your loan. There are certain eligibility requirements for a re-amortization. If you are eligible, the principal, interest, missed payments, and any other charges are all rolled into a new balance with a new scheduled monthly payment, allowing for a fresh start.

If you would like to apply for any of these special servicing options, please contact a Servicing Office counselor at 800-793-8861.

What are my options if I just can't afford to keep my home?

Sale of the property at its highest value is the most desirable option. You may want to consider contacting your local Rural Development office or real estate agent to see if they know anyone who may be interested in purchasing your home.

Please contact a Servicing Office counselor at 800-793-8861 to discuss other options.

Maintaining Escrow for Taxes and Insurance

What is an escrow account?

An escrow account is an account to which you contribute monthly payments to cover the anticipated costs of real estate taxes, hazard and flood (if applicable) insurance premiums, and other related costs. Insurance, taxes, and other assessments are then paid by Rural Housing Service when due.

Can I pay my own taxes and insurance?

No. The USDA Single Family Direct Loan program requires escrow accounts for real estate taxes and hazard insurance. Once an escrow account is established, the Rural Housing Service is responsible for timely payment of taxes and insurance for the duration of the loan.

Borrowers may not pay their own taxes and insurance on an escrowed loan.

What happens if I can't pay my taxes and insurance when they are due?

Under the terms and conditions of your mortgage, you are responsible for maintaining adequate hazard insurance coverage and paying real estate taxes. If you fail to do so, the Servicing Office may pay the insurance and / or taxes, and then charge the amount to your account as a collectible fee (See **"Lender Placed Insurance"** next page). To meet future taxes and insurance costs, you will then be required to establish and pay into an escrow account with your regular monthly payment.

Can I voluntarily start an escrow account?

Yes. You will need to submit a copy of your most recent paid tax receipt along with evidence of current hazard insurance and a written, signed request to establish an escrow account.

This information should be mailed to the Escrow Department at the following address:

USDA, RD, SERVICING OFFICE
Attention: Escrow Department
P. O. Box 66805
St. Louis, MO 63166

What is an "Annual Escrow Analysis"?

The Real Estate Settlement Procedures Act of 1974 (RESPA) requires all lenders to conduct an annual escrow account analysis for each customer. This analysis is used to determine whether current monthly deposits will provide sufficient funds to cover taxes and hazard insurance.

What is an “Escrow Account Disclosure Statement?”

An Escrow Account Disclosure Statement shows the account history and projects activity for the coming year. Mailed annually, it reflects payments posted to the escrow account, as well as disbursements made for the payment of taxes and hazard insurance.

What is Lender-Placed Insurance?

Lender-Placed Insurance (LPI) is purchased by the Servicing Office to protect the federal government’s investment in a property when a customer is unable or unwilling to provide evidence of adequate insurance coverage.

Customers with LPI are not personally protected in the event of a loss; it only covers the principal and interest of the loan and does not provide for personal effects, furniture or any equity in the property.

What do I do if my home is damaged?

Contact your insurance agent. You will need to work with your insurance company to recover any losses. Additionally, please notify the Servicing Office so we can work with your local Rural Development office or insurance company, if necessary.

If I receive an insurance claim check for a loss, do I get to keep the money?

No. Checks for insurance proceeds are made payable jointly to you and the Rural Housing Service. If you receive an insurance claim check, please call Customer Service at 800-414-1226 for assistance.

Payment Assistance

What is payment assistance?

Payment assistance reduces eligible customers’ required monthly payments based upon their household income. The amount of assistance, or subsidy, may be subject to recapture (repayment) if the property is sold or no longer occupied, or if the loan is paid in full. At loan closing, you are required to sign a Subsidy Repayment Agreement, if eligible.

How can I receive Payment Assistance?

You may become eligible for payment assistance as a result of a decrease in income. Please call a Servicing Office counselor at 800-414-1226 if you have questions regarding payment subsidy.

What is a Payment Assistance Review (PAR)?

Payment assistance is generally granted for up to two years. You will receive a renewal packet via postal mail 90 days prior to the expiration of the current agreement. However, during the term of the assistance, you are required to report changes to household occupancy and income(s) to determine whether you should continue to receive the same amount of subsidy.

What information is needed for a Payment Assistance Review?

1. A signed Payment Subsidy Renewal Certification (RD Form 3550-21)
2. A signed Authorization to Release Information (RD Form 3550-1) for each household member ages 18 years and older
3. A copy of the latest Internal Revenue Service (IRS) 1040 federal tax return for each income earner living in the home.

NOTE: We cannot accept Form 8453 (U.S. Income Tax Declaration for Electronic Filing). If you filed electronically and do not have a copy of your 1040, please call the IRS at 800-829-1040 and request a printout that illustrates both gross income, and a breakdown of income. This should be submitted instead of Form 8453.

Verification of income:

Verification of income requires submission of the last two consecutive pay stubs for all household wage earners, a benefit or award statement from Social Security, Supplemental Social Security (SSI), retirement / pension account(s), unemployment, Aid to Families with Dependent Children (AFDC), etc., for all household members receiving income other than wages, plus a copy of the Court Order / Divorce



decree or a current 12-month history to verify child support and / or alimony received, if applicable.

What is a subsidy recapture?

A subsidy recapture occurs when all or a portion of a subsidy received over the life of a loan may be subject to repayment when you sell or no longer occupy the property.

How do I know if I will have to pay Subsidy Recapture?

If your loan was made after October 1, 1979, and you have ever received payment subsidy, the subsidy received is subject to recapture (repayment).

What if my income increases while I'm receiving Payment Assistance?

If you are receiving payment subsidies, you must notify the Rural Housing Service if your income increases by more than 10 percent. You are responsible for reporting such changes to the agency even if they occur outside the normal review period.

When do I have to pay the Subsidy Recapture?

Subsidy recapture is due whenever you pay your loan in full, or when you transfer the title upon the sale of the property. (See **Final Loan Payment**

on page 13). You may contact the Servicing Office at 800-414-1226 for additional information.

Service Members Civil Relief Act of 2003 (SCRA)

The Service Members Civil Relief Act of 2003 (SCRA) formerly known as the Soldier's and Sailor's Civil Relief Act of 1940 (SSCRA) is the federal law that gives U.S. service members important rights as they enter active duty. One of the most widely-known benefits under the SSCRA and now the SCRA is the ability to reduce pre-service consumer debt and mortgage interest rates to 6 percent under certain circumstances.

NOTE: SCRA protections are not automatic. They require action to invoke.

To obtain a reduction of your pre-active duty mortgage with Rural Housing Service, you must send a written request and copy of your mobilization orders to:

USDA, RD, SERVICING OFFICE
ATTN: FC244
P. O. Box 66818
St. Louis, MO 63166-6818.

(Be sure to indicate your account number on **each page.**)

Refinancing with Private Credit

Will I be asked to refinance my Rural Development Loan?

The goal of our program is to make our homeowners successful so ultimately, they can refinance with private credit. Twice each year, a certain number of customers that appear to be eligible are asked to seek refinancing with commercially-available lending institutions such as mortgage companies, banks, credit unions, or savings and loans companies. If your current financial situation indicates you may be able to refinance, the Rural Housing Service may require you to apply for private credit.

Final Loan Payment

Can I pay my loan off early?

You may elect to prepay the loan by making additional payments on the principal balance or by making a final payoff. There are no prepayment penalties if you pay the loan in full prior to the maturity date.

How can I find out how much I owe on my loan?

You may request payoff information from the Servicing Office by telephone or fax. If you only need an estimate of the final payment amount owed, you may call the Interactive Voice Response (IVR) at 800-414-1226, and follow the prompts for the Estimated Loan Balance Quote option. See page 6 for additional information on how to access the IVR. You may also fax your request to the Payoff Department at 314-457-4433 or by mail to:

USDA - RD
P.O. Box 790301
St. Louis, MO 63179

What types of payoff quotes are there?

Statement of Loan Balance - The statement of loan balance is not a payoff statement, but provides instructions on how to receive a final payoff statement and details the outstanding balances of your loan including principal, interest, fees, late charges, and total amount of payment assistance (subsidy) granted over the life of the loan.

Final Payoff Statement - The final payoff statement is based on the anticipated account balance as of the proposed payoff date, and the recapture amount calculated with additional information provided by you. This statement indicates the actual amount you will be required to repay on the proposed payoff date.

What documents are needed to get a Final Payoff Statement?

The information needed to receive a final payoff statement varies depending on the action you are taking to pay off your loan. Required documentation should be submitted as quickly as possible. Please visit <https://rdhomeloans.usda.gov/payoff.html> for mortgage loan payoff information.

If you are *selling* the property, provide the Payoff Department with:

- A signed sales contract and / or a current (less than one year old) appraisal prepared by a certified appraiser
- An Estimated Closing Disclosure completed by the closing agent
- A signed Authorization Statement for the release of information to a third party. (Include the last four digits of your social security number and account number on the authorization)
- Date of payoff
- If requesting consideration for capital improvements, a separate addendum must be completed by the appraiser itemizing the added value for each improvement.

If you are *refinancing* the property, provide the Payoff Department with:

- A current (less than one year old) appraisal prepared by a certified appraiser
- An Estimated Closing Disclosure completed by the closing agent
- A signed Authorization Statement for the release of information to a third party (Include the last four digits of your social security number and account number on the authorization)
- Date of the payoff
If requesting consideration for capital improvements, a separate addendum must be completed by the appraiser itemizing the added value for each improvement

If you are paying off the loan but not refinancing or selling the property, provide the Payoff Department with:

- A current (less than one year old) appraisal prepared by a certified appraiser
- A signed statement indicating you are remaining in the property
- If requesting consideration for capital improvements, a separate addendum must be completed by the appraiser itemizing the added value for each improvement.

Where do I submit my final payoff?

By regular mail (for payoff checks):

USDA - RD
PO Box 790301
St. Louis, MO 63179-0301

By overnight delivery (payoff funds only):

USDA - RD
SL-MO-C2US
PO Box 790301
1005 Convention Plaza
St. Louis, MO 63101

Other Information

Can I rent the property?

One of the conditions of being eligible for USDA Rural Housing Service loan is that you must personally occupy the property. If you decide to rent the property after purchase, you will no longer be eligible for servicing options such as subsidy assistance.

In addition, if you are currently receiving subsidy and decide to rent your home, your payment will increase to the full note rate.

Please contact the Servicing Office at 800-414-1226 if you are considering renting your property.

Is it true that the Servicing Office can take my tax refund if I am late making my payments?

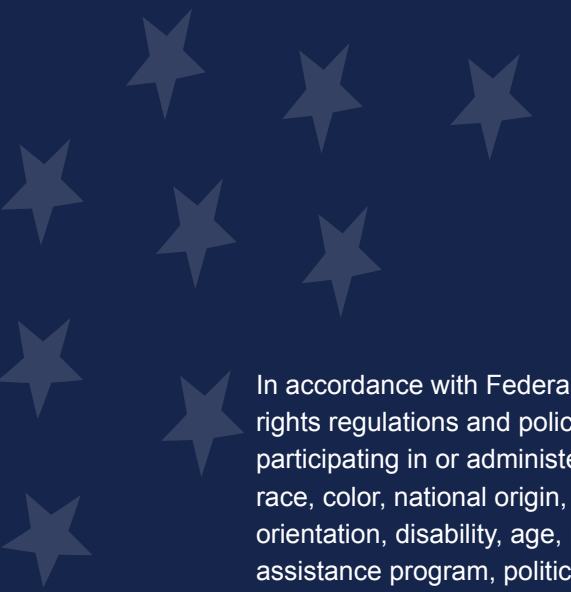
Yes. If your account is delinquent, USDA is required by law to report your account to the U.S. Treasury. Other federal payments, such as an income tax refund, may be offset (intercepted) to pay the delinquency on your loan.

What if I need money for repairs to my home?

You may be eligible to apply for a USDA Single Family Housing Repair loan or grant. Contact your local Rural Development office for additional information.

You should contact the Rural Development (RD) office in your State. Offices may be located using the [RD Service Center Locator](#).





In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.