

American Rescue Plan Act (ARPA) Refinance
Tailored ARPA Cover Letter to TRID

[Insert text onto local office letterhead]

Date: [insert today's date]

[insert applicant(s) first/mi/last name(s) (Mr., Mrs., Ms.)]
 [insert applicant(s) street/post office address]
 [insert city, state, and zip code]

Dear [insert applicant last name(s) (Mr., Mrs., Ms.)]:

Thank you for applying to refinance your existing single family housing direct loan through the Rural Housing Service (RHS) in the amount of [insert the loan amount as shown on the Loan Estimate – which does not include subsidy]. The attached Loan Estimate is based on the current estimated payoff of principal, interest, and fees (if applicable) on your current loan.

1. In accordance with the Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act and the Truth in Lending Act, the following is provided:

- **The Loan Estimate Disclosure.** This document is provided to show the maximum costs associated with the loan product; the final costs may be lower. If there is a change in circumstances, such as a change in the loan amount (or when the subsidy recapture is calculated as noted below), a revised Loan Estimate or Closing Disclosure will be issued. The payment amount does not reflect any possible payment assistance nor does the issuance of a Loan Estimate constitute an approval of a loan. Please note:
 - o [OPTION 1 - Insert if estimated loan amount is less than \$24,000, existing term is less than ten years. Complete the entire table for all term options using information from ARP worksheet – 10-year term should reflect 'X'] Based on your low balance and remaining term, the Loan Estimate is based on a new repayment term of ten years. **However, if you would prefer a longer term (which may increase your total cost over the life of the loan), please sign by the applicable term you prefer and return this letter within 10 business days from the date of this letter.**

Reflected on the Loan Estimate	Term	Interest rate	Estimated Monthly Principal & Interest	Total Estimated Monthly Payment (including subsidy)	Borrower signature
x	10-year				
	25-year				
	30-year <i>(manufactured home only)</i>				
	33-year				

- o [Option 2 - Insert if estimated loan amount is over \$24,000. Complete the entire table for all term options using information from ARP worksheet – 33-year term should reflect 'X'] The Loan Estimate is based on the standard 33-year repayment term. **However, if you would prefer a shorter term (which would reduce your total cost over the life of the loan), please sign by the applicable**

term you prefer and return this letter within 10 business days from the date of this letter. Please note, loans with a 10-year term are not eligible for payment subsidy.

Reflected on the Loan Estimate	Term	Interest rate	Estimated Monthly Principal & Interest	Estimated Total Monthly Payment (including subsidy)	Borrower signature
	30-year <i>(manufactured home only)</i>				
x	33-year				
	25-year				
	10-year				

- o **[OPTION 3 - Insert the following if estimated loan amount is over \$24,000, and a 38-year term is necessary (n/a for manufactured homes) because the applicant does not demonstrate a Net Tangible Benefit using the 33-year term and their adjusted household income does not exceed 60 percent of the applicable area median household income.]** The Loan Estimate is based on a 38-year repayment term. A 38-year term is needed to make the proposed payment more affordable than your current monthly payment.

Reflected on the Loan Estimate	Term	Interest rate	Estimated Monthly Principal & Interest	Total Estimated Monthly Payment (including subsidy)
x	38-year			

- o **[OPTION 4 - Insert for Deferred Mortgage Payments request]** The Loan Estimate is based on a required 38-year repayment term.

Reflected on the Loan Estimate	Term	Interest rate	Estimated Monthly Principal & Interest	Total Estimated Monthly Payment (including subsidy)
x	38-year			

If you are satisfied with the terms reflected in the attached Loan Estimate, no further action is required for this item.

- **A List of Settlement Service Providers.** These providers are not endorsed by or affiliated with Rural Development and applicants may select service providers not on this list.
 - **The Consumer Financial Protection Bureau Booklet, “Your home loan toolkit: A step-by-step guide”.**
2. You have received **(insert max subsidy amount)** in subsidy over the life of your loan, and this is **not** included in the estimated loan amount shown above. In accordance with 7 CFR § 3550.162 Recapture, borrowers are required to repay subsidy amounts received over the life of the loan. However, if you pay off the principal and interest of your loan, either through the normal course of repayment or through a refinance, and you continue to

occupy the property, repayment of the subsidy recapture amount can be postponed until you move or sell the property.

As part of the refinance application process, your property’s market value will be determined in order to calculate the final amount of subsidy recapture owed (which may be less than the total amount you have received). Once that amount is determined (and if the amount owed is greater than \$0), you will be notified in writing of the final recapture amount and will have the following options to choose from at that time:

Options:	Considerations:
<p><u>Option A:</u> Include subsidy recapture in refinance loan</p>	<ul style="list-style-type: none"> • Eligible for a 25 percent discount off the final subsidy recapture amount owed if subsidy recapture is included in your refinance loan. • By refinancing the recapture amount, you will be paying interest on that amount throughout the life of the refinance loan. You will receive an estimate of the amount of interest that you would pay over the life of your new loan, to help you compare the amount of the discount against the amount of interest paid and which is a greater benefit to you.
<p><u>Option B:</u> Postpone the payment of subsidy recapture</p>	<ul style="list-style-type: none"> • By selecting to postpone payment of subsidy recapture, you will not receive the 25 percent discount offered when paid off early. • The subsidy recapture will be placed in an interest-free recapture receivable account, which is not due until you move or transfer title of the property.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this credit is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, DC 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms of conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U. S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U. S. Department of Housing and Urban Development, Washington, DC 20410 or call (800) 669-9777.

If you have any questions or need further information, please contact this office at **[insert field office address]**.

Sincerely,

[insert name of the Loan Originator]
[insert title of the Loan Originator]

Enclosures:

- Loan Estimate Disclosure
- List of Settlement Service Providers
- Consumer Financial Protection Bureau Booklet
- [Subsidy Recapture Fact Sheet](#)