

Dear NAHMA Members,

Recently, USDA released the following three items: **a Final Rule modifying the Agency's Section 515/514 financial reporting requirements**, as well as the latest **update on the maturing mortgage status** of the 515 Direct and Section 514 Farm Labor Housing Portfolio; and guidance pertaining to the **2017-2018 Periodic Review of Rural Areas**.

1. Section 515/514 Financial Reporting Requirements

USDA recently published a new rule modifying the Agency's Section 515/514 financial reporting requirements, effective November 24, 2017. The final rule updates RD's MFH financial reporting requirements to establish risk thresholds, align requirements with HUD, and reduce program overlapping costs to RD and its borrowers. As a result of these changes, USDA expects small-portfolio borrowers to realize cost savings in property operating expenses and a consequent reduction in the amount of rent subsidy (Rental Assistance and HUD Section 8). The rule also updates reporting requirements to current AICPA requirements.

The Final Rule changes will be optional in Fiscal Year 2018, but will be mandatory starting in Fiscal Year 2019. To view the attached Final Rule online, please click [here](#).

2. Section 515 Direct and Section 514 Farm Labor Housing Portfolio Tool Update

As part of an ongoing effort to communicate the multi-family portfolio status to stakeholders, the office of Multi-Family Housing in Rural Development (RD) has released the latest update on the maturing mortgage status of its Section 515/514 Housing portfolio. This information allows stakeholders to identify properties in rural communities that are nearing maturity of their Section 515 or Farm Labor loans as of June 30, 2017 through the following link: [MFH Public Dashboard](#).

3. 2017-2018 Periodic Review of Rural Areas for Housing Programs

USDA recently released guidance to field offices in conducting the 5-year periodic rural area review, which will include a rural-in-character (RIC) analysis for some areas. Each field office is required to conduct periodic reviews of all areas under its jurisdiction every five years to identify areas that no longer qualify as rural for housing programs. The last rural area reviews were performed in 2012-2013 using the 2010 census data; this review will utilize the 2015 American Community Survey (ACS) data.

The implementation date for rural area changes resulting from this review is June 4, 2018. To read the attached guidance online, please click [here](#).

Thanks,
Juliana

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NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.

