



July 16, 2025

Ms. Marisol Olivera  
Contracting Officer  
United States Department of Agriculture  
1400 Independence Ave. SW  
Washington, DC 20250

**RE: Request for Information – Loan Servicing**

Dear Ms. Olivera:

Thank you for the opportunity to comment on the Request for Information on loan servicing for the Rural Housing Service's (RHS) single family loan programs, published on SAM.gov on July 1, 2025. Homeownership remains the bedrock of the American dream, offering the opportunity for families to build wealth and creating stability for communities. To that end, NeighborWorks America strongly shares the federal government's continued focus on ensuring that Americans in rural communities can access safe, affordable credit for home purchases and renovations. NeighborWorks America and the NeighborWorks network are deeply invested in the success of RHS programs, and these comments are offered in that spirit. Please note that these comments have not been submitted to or approved by NeighborWorks America's board and do not necessarily represent the views of its board members, either collectively or as individuals. These comments are based on the ongoing work of NeighborWorks America with our network of nearly 250 NeighborWorks-chartered local and regional nonprofits.

Since 2012, NeighborWorks America has increased access to affordable home mortgages in rural areas for low- and very low-income people by developing and strengthening a network of high-capacity USDA-certified Section 502 Direct Nonprofit Loan Packagers. Nonprofits offer the most cost-efficient pipeline for loan packaging, and by training network organizations to fill this critical niche, NeighborWorks has enabled them to earn fees sufficient to support a sustainable line of business while providing a valuable community service. Today, the 502 program remains a cornerstone of our work in rural America. In the last five years, 84 network organizations have supported the production of over 5,000 USDA 502 Direct loans for a total financing amount of nearly \$1.1 billion. In addition, 40 network organizations supported the production of nearly 600 USDA 502 Guaranteed loans for a total financing of over \$93 million. NeighborWorks organizations also supported over 670 USDA 504 loans totaling \$7.6 million during that time. Through these loans, the network served 716 rural counties across 46 states and Puerto Rico, demonstrating the extent of the geographic reach of the NeighborWorks network.

NeighborWorks is grateful for the opportunity to provide comments to this RFI, as well as to underscore the deep importance of Rural Housing Service programs to our network organizations and the communities they serve. For Americans living in rural communities across the country, USDA mortgages are a unique and valuable tool. Without these mortgages, many rural households simply would not be able to access mortgage capital, making the dream of homeownership unattainable. The economic impact that this capital drives, and the investments that it creates, simply is key to the sustained vitality of many communities. In responding to this RFI, NeighborWorks is mindful not only of the need to ensure continuity and stability of the programs for existing loans, but also of safeguarding the future availability and sustainability of these critical programs.

As RD is aware, the single-family loan portfolio carries inherent challenges for servicing. First, at nearly 160,000 loans in just the 502 portfolio, the scale is prohibitive for even the highest-capacity mission-driven organizations. Additionally, this portfolio, with much smaller numbers of transactions under the 504, 523/524, and 533 programs, is unique due to its highly customized nature and very low spread. On the one hand, it is these very characteristics that make the loans so impactful. NeighborWorks recognizes, however, that they also present the greatest challenges to servicers. It is paramount that any subsequent decision-making around contracting out servicing functions be undertaken with the recognition of the difficulties of servicing such a non-standardized portfolio. Given the fundamental economics of the portfolio, NeighborWorks questions whether an appropriate, qualified vendor will be found and is deeply concerned about the tradeoffs that might be required to change this.

In recent years, even RHS has struggled to service these loans due to their complexity. In its current form, NeighborWorks is concerned that proper execution of the servicing responsibilities by a third party will cost more than current subsidies allow. Given the economics, NeighborWorks questions what motivations could entice a potential vendor to take this on, at least under current conditions. It is critical that any potential agreement with a vendor to take on servicing responsibilities safeguards both borrowers and the American taxpayers' interests in this portfolio.

As RD continues considering the possibility of contracting out some of its responsibilities related to this portfolio, NeighborWorks encourages the agency to continue to seek stakeholder input, particularly if changes to the programs are being contemplated. In its capacity as a convener, NeighborWorks stands ready to assist RD to bring stakeholders, including our impactful network organizations, together to provide additional information, experience, and expertise. Thank you, again, for this opportunity to comment on this RFI.

Sincerely,



Marietta Rodriguez  
President & CEO