



We build homes and communities in rural America

July 16, 2025

Marisol Olivera & Bridget Purdy
Rural Housing Service
USDA Rural Development
1400 Independence Ave., SW
Washington, DC 20250-0701

RE: RFI on USDA Single-Family Loan Servicing

Dear Ms. Olivera and Ms. Purdy,

The Housing Assistance Council (HAC) appreciates the opportunity to comment on the servicing of USDA's single-family loan portfolio. USDA's single-family programs have provided a hand-up for millions of low-income rural families, assisting them with achieving sustainable homeownership or investing in repairing their aging homes. While HAC does not believe that privatizing loan servicing would improve efficiency or outcomes, ensuring that the servicing of these loans is managed effectively is critically important, and we appreciate USDA's request for information (RFI) on this topic.

HAC helps build homes and communities across rural America. Founded in 1971, headquartered in Washington, D.C. and working in all 50 states, HAC is a national nonprofit and a certified community development financial institution (CDFI). We are dedicated to helping local rural organizations build affordable homes and vibrant communities. We provide below-market financing, technical assistance, training, and information services. HAC also serves as rural America's "Information Backbone" with leading public and private sector institutions relying on HAC's independent, non-partisan research and analysis to shape policy.

The USDA Servicing and Asset Management Office, previously known as the Centralized Servicing Center (CSC), was established in 1996 in St. Louis, Missouri as part of USDA Rural Development's national restructuring effort to centralize loan servicing functions. Over the last three decades, the office has become the core operational center for the Single-Family Housing (SFH) Direct Loan Program, managing more than 185,000 active loans and approximately \$14.5 billion in outstanding debt. Its responsibilities have also grown to include borrower payment processing, escrow administration, payment subsidy renewals, assumptions, moratorium processing, foreclosure prevention, REO asset management, and direct borrower support.

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The USDA Servicing Office faces persistent operational hurdles. The office is currently understaffed, limiting its ability to respond quickly and efficiently to borrower needs. This is in conjunction with outdated technology and information systems that further slow processing times and reduce the overall efficacy of Servicing Office operations. These delays are compounded by an opaque chain of decision-making that creates confusion for both borrowers and partner organizations.

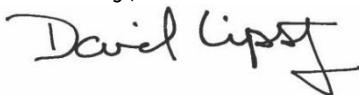
However, HAC does not support privatizing the non "inherently governmental" functions of USDA's single-family loan servicing for a variety of reasons. To move quickly on outsourcing servicing underestimates the unique and complex needs of the single-family loan portfolio and its borrowers. Before this process moves forward, USDA should be transparent about specific anticipated savings and efficiencies expected from privatizing servicing. In HAC's view, privatizing this work will increase the cost to taxpayers, add additional layers of bureaucracy to the process, and make the system worse for families with USDA single-family loans. If the department has any evidence to the contrary, they are required by federal procurement law to make public their analysis. HAC strongly urges the Department and the Administration to reject this effort until it is shown to be a good deal for rural families and the American taxpayer.

Servicing for this portfolio is unique due both to the structure of the loan products and the needs of the borrowers served. Any external contractor would have a steep and costly learning curve, and because multiple functions are "inherently governmental," contracting out the work would require several handoffs between USDA staff and the external vendor. Privatization may also contribute to larger issues as it may blur accountability, making it unclear who is ultimately responsible for the performance and ethical conduct related to loan servicing needs. Privatization also creates reduced transparency that may lead to mismanagement and a lack of proper oversight.

HAC would suggest that there are better ways to strengthen and streamline the Servicing Office's current functions without moving to outsource or privatize. First and foremost, adequate staffing levels are needed to reduce backlogs and improve responsiveness. In addition to increased staffing, upgrading technology systems is also essential to modernize operations and facilitate timely processing. And lastly, improving clarity in the chain of command and how borrowers and stakeholders can effectively elevate issues within the Servicing Office would improve customer satisfaction.

Thank you for the opportunity to provide comments on this important topic. HAC stands ready to assist as USDA considers options to improve the efficiency and effectiveness of the single-family loan servicing process.

Sincerely,



David Lipsetz
President & CEO

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