United States Senate
WASHINGTON, DC 20510

The Honorable Brooke Rollins
Secretary
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, D.C. 20250

March 20, 2026

Dear Secretary Rollins:

We write today to express our concerns with the recent revisions to the U.S. Department of Agriculture (USDA) Rural Development Section 502 Direct Loan handbook. Homeownership is the cornerstone of the American Dream, but all too frequently, it is out of reach for rural Americans. While we applaud all efforts to properly steward taxpayer dollars, we believe these revisions make the program less efficient and may leave families in our states without a path to homeownership.

Since 1949, USDA has been helping rural Americans become homeowners. The Section 502 Direct Loan program administered by the Department has been instrumental in this success, financing homes for millions of families across the country. This program has also helped incentivize housing development in the rural communities that need it most. Unfortunately, the revisions issued to the handbook on February 10, 2026, PN655, severely curtail program eligibility and make it more difficult for non-profit partners to place rural families in homes.

One of the most concerning changes is the reduction of Section 502 loan limits from 80 to 60 percent of the U.S. Department of Housing and Urban Development Section 203(b) limit. This revision is coupled with another that prohibits loans from being issued when the appraised value of the house exceeds the loan limit. For families participating in the USDA Mutual Self-Help housing program, whose sweat equity lowers the total of the Section 502 loan but increases the value of the house, this change is especially problematic. Under the revised handbook, families who reduce risk to the federal government through their own labor may nonetheless be disqualified. Further, these changes present a fundamental misalignment with current home values, which are already soaring due to stubborn inflation, construction costs, and other supply-side challenges. We fear that reducing loan limits without exception will render the 502 Direct program inaccessible to countless rural households.

Finally, we are perplexed by new requirements that will make the loan review process less efficient for USDA. Namely, loan reviews must now go through two separate rounds of review by Rural Development State Directors before approval. In addition, the changes will limit the ability for non-profit organizations to package loans, which USDA cannot do on its own. These changes are not only burdensome but also create uncertainty for families navigating this process.

In closing, we respectfully request that USDA immediately rescind the February 10 revisions and restore prior guidance. We also ask that USDA work closely with Congress and the public to ensure that any future revisions to the handbook align with the statutory intent of the program and reflect the realities of rural housing markets. We are grateful for your attention to this matter, and we welcome the opportunity to discuss practical alternatives that preserve both program integrity and ensure the Section 502 Direct Loan program remains accessible to eligible rural families.

Sincerely,

John Curtis
United States Senator

Angus S. King, Jr.
United States Senator

Mike Crapo
United States Senator

Mazie K. Hirono
United States Senator

James E. Risch
United States Senator

Tim Kaine
United States Senator

Thom Tillis
United States Senator

Lisa Blunt Rochester
United States Senator

Susan M. Collins
United States Senator

Alex Padilla
United States Senator