

Congress of the United States

Washington, DC 20515

September 30, 2026

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

Dear Secretary Rollins:

For decades, the Section 502 Single Family Housing Direct Loan Program has helped low- and very-low-income families in rural communities achieve homeownership when conventional financing is otherwise out of reach. Congress has consistently provided bipartisan support for this program because access to safe, affordable housing is essential to the economic strength of rural communities.

Recent reports indicate that approximately \$232 million in Fiscal Year 2026 (FY26) Section 502 Direct Loan funding could expire by the end of today, after the U.S. Department of Agriculture (USDA) obligated only a portion of the approximately \$1 billion Congress provided for the program. This would represent a significant departure from the program's historic funding needs at a time when rural families continue to face high housing costs, limited housing supply, and elevated borrowing costs.

The potential expiration of these funds is particularly concerning following changes USDA made to the Section 502 program earlier this year. On February 10, 2026, USDA issued Procedural Notice 655, which reduced the maximum allowable loan limit from 80 percent to 60 percent of applicable area limits and made other changes affecting the processing and eligibility of Section 502 loans. Members of Congress raised concerns that these changes could reduce access to the program and slow the delivery of assistance to eligible rural families. The House subsequently passed FY27 Agriculture Appropriations legislation containing language that would preserve the previous 80 percent loan limit unless USDA completes notice-and-comment rulemaking.

Congress has also continued to demonstrate strong support for rural housing resources. Members from both parties have requested robust funding for Section 502 and other USDA rural housing programs over many Congresses. Allowing hundreds of millions of dollars already provided by Congress to go unused would undermine those efforts and warrants a clear explanation. Accordingly, we respectfully request that USDA:

- Use every available lawful authority to obligate or preserve FY26 Section 502 funding for its congressionally intended purpose as quick as possible;
- Provide an accounting of FY26 Section 502 obligations, unobligated balances, and any funds that will expire or carry forward into Fiscal Year 2027;
- Explain the factors that contributed to the unusually large unobligated balance, including the effects, if any, of the FY26 handbook revisions, additional review requirements, staffing levels, application processing times, and changes to loan packaging;

- Provide information on the number of Section 502 applications received, approved, denied, withdrawn, and pending during FY26, including a state-by-state breakdown;
- Identify any steps USDA will take in FY27 to address application backlogs, improve processing times, and ensure that appropriated resources reach eligible rural families; and
- Work with Congress and rural housing stakeholders before making additional significant administrative changes to the Section 502 program.

These resources were provided by Congress to help families in rural America purchase homes and strengthen the communities in which they live and work. Regardless of party, we should share the goal of ensuring that congressionally appropriated funds are administered efficiently and reach the rural families they were intended to serve. We appreciate your prompt attention to this matter and request a response outlining USDA's plans for the Section 502 Direct Loan Program.

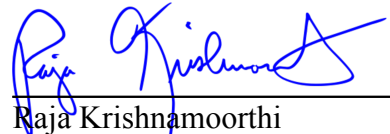
Sincerely,



Jim Costa
Member of Congress



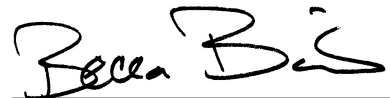
Jim Tokuda
Member of Congress



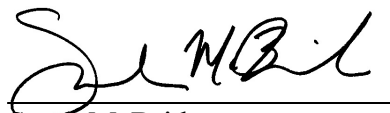
Raja Krishnamoorthi
Member of Congress



David G. Valadao
Member of Congress



Becca Balint
Member of Congress



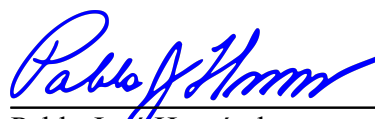
Sarah McBride
Member of Congress



Darren Soto
Member of Congress



Josh Gottheimer
Member of Congress



Pablo José Hernández
Member of Congress



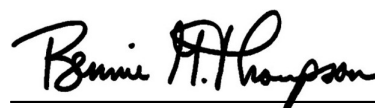
Adenita S. Grijalva
Member of Congress



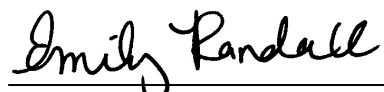
Terri A. Sewell
Member of Congress



Chellie Pingree
Member of Congress



Bennie G. Thompson
Member of Congress



Emily Randall
Member of Congress