



United States  
Department of  
Agriculture

## Rural Development



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# Single Family Housing Programs

*Mortgage Lending Event-Spokane, WA Feb 7<sup>th</sup>-8<sup>th</sup>*

# Single Family Housing Programs

- Section 502 Guaranteed Loans
- Section 502 Direct Loans
- Section 504 Housing Repair Loan & Grant
- Section 523 Mutual Self-Help Housing Grant
- Section 523/524 Site Loans



# Think Rural Development First!

## Direct

- 100% financing
- 33-year, subsidized interest rate
- Work with local RD office
- Maximum loan limits by Area
- Targeting **Very Low & Low** Income Homebuyers
- Currently operating on continuing resolution funds until April (\$515m nationwide)
- Priority processing and funds reserved for self-help, and certified packaging organizations

## Guaranteed

- 100% financing
- 30-year, fixed interest rate
- Work with locally approved lender
- No maximum loan limits
- Targeting **Low & Moderate** Income Homebuyers
- Ample funding available (\$24B nationwide)

# Eligible Loan Purposes

## Direct and Guaranteed Home Loan Programs

- Construction or purchase of a new home
- Cost of acquisition of an existing home
- Cost of repairs associated with an existing home
- Acquisition and relocation of an existing home
- Leasehold estates, condos and duplexes



# Direct Home Loans

- Low & very-low income borrowers (80% & 50% of area median Income)
  - Banded Income Limits Pilot (including Washington)
- Interest rates subsidized as low as 1%
  - Partial “recapture” of interest subsidy at sale or non-occupancy
- Maximum Loan Limits by County
  - Square footage limits (1,800 SF above grade)
    - Waivers for special needs or larger households
- Credit history >640
  - Alternative credit and waivers available
- Asset limitations – non-retirement assets exceeding \$15,000 must be applied towards the purchase of the home (exceeding \$20,000 for elderly [age 62] or disabled applicants)



# Guaranteed Housing Loans

- Applications are made with approved lenders
- 100% Financing Available
- Mortgages are 30 yrs. fixed rate
- Interest rates are negotiated with the lender-not to exceed 1 point above Fannie Mae Actual rounded to the nearest  $\frac{1}{4}$  %
- No maximum loan limits
- In some cases, closing costs and repairs can be financed with the home purchase
- Single close construction / permanent guarantees now available



## ***FY 17 Upfront Fees:***

- ***Purchase & Refinance: 1%***

## ***FY 17 Annual Fees:***

- ***Purchase & Refinance: 0.35%***

# Rural Areas



# Rural Areas

## Direct and Guaranteed

- Statutory rural definition, last updated by the 2014 Farm Bill
- Check any location by street address or zoom in on eligibility maps at:

<http://eligibility.sc.egov.usda.gov/eligibility/>

### Property Eligibility Programs

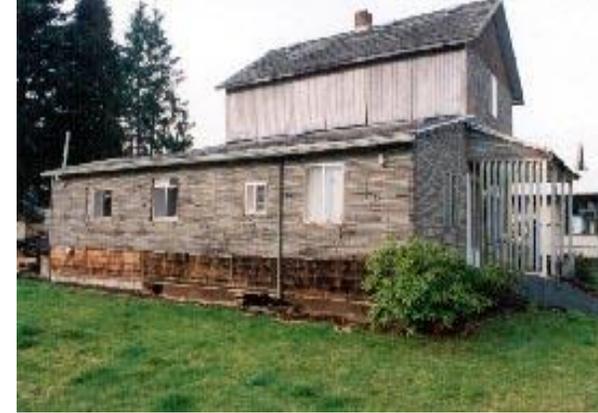
- ▶ Single Family Housing
- ▶ Multi Family Housing
- ▶ Business Programs
- ▶ Water & Environmental



Previously eligible communities remain eligible up to 35,000 population.

# 504 Housing Repair Loans/Grants

- Up to 50% of median income (Very Low)
- Remove health/safety hazards, repair, improve and accessibility.
- Up to \$20,000 at 1% interest payment for up to 20 years
- For Seniors (62+) without repayment ability for a loan have the, possibility to obtain a grant of up to \$7,500
- Loans are not subject to an age restriction



BEFORE



AFTER

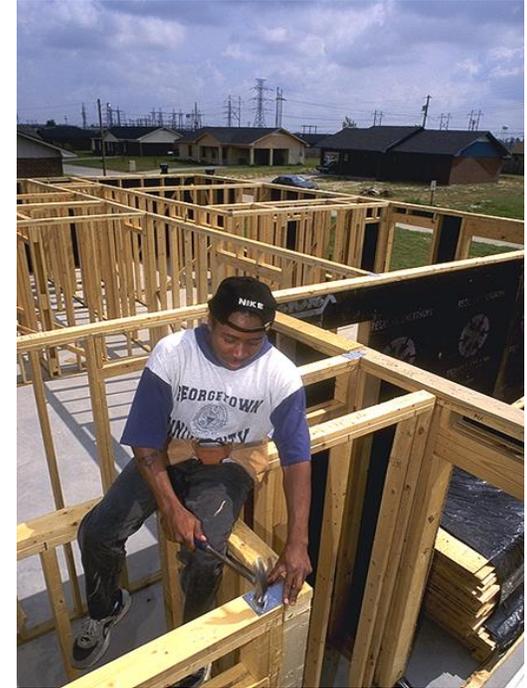
# 504 Housing Repair Loans/Grants

- Loans and grants can be combined for up to \$27,500 in Section 504 assistance (provided the applicant is grant eligible).
- Must remove all major health/safety issues
- Partnerships/leveraging of resources is encouraged



# Section 523 Grant- Mutual Self Help Housing

- Grants made to non-profit, tribes and municipal organizations to provide necessary technical assistance to families in construction, budgeting, and homeownership basics
- Partners with the 502 Direct Loan Program to make home ownership affordable to rural families by allowing them to build their own homes and earn “sweat equity”



# Section 523/524 Rural Housing Site Loans

- Loans to non-profit, tribes and municipal organizations to purchase land, develop streets, walks, utilities, other infrastructure, and sell affordable housing sites in rural areas. Loan funds are repaid from the sale of lots to homebuyers.
- Interest rates and loan terms are established at closing. Loans for developing self-help housing sites repay a 3% interest rate, while other loans are charged a market rate. Repayment is due within two years, but may be extended, as needed.





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