



United States Department of Agriculture

5th Annual
Guam Affordable Housing Symposium

June 5-6, 2013



HOMES

HOWE?

HOUSING OPPORTUNITIES MAKE ECONOMIC SENSE



OUR MISSION:



***“INCREASING ECONOMIC OPPORTUNITIES AND
IMPROVING THE QUALITY OF LIFE
OF RURAL COMMUNITIES”***

COLLABORATION IS KEY



Relationships Between Federal, State, Local, and Non-Profit Organizations are Critical to Success

Collaboration between USDA and Local Communities Maximizes the Effectiveness of Rural Development Programs

RURAL DEVELOPMENT PROGRAMS

- **Over 40 Grant, Direct and Guaranteed Loan and Technical Assistance Programs**
- **Providing Access to Capital and Credit for Rural Communities**
 - **Rural Housing Programs**
 - **Community Programs**
 - **Rural Utilities Programs**
 - **Rural Business and Cooperative Programs**
 - **Rural Energy Programs**

SINGLE FAMILY HOUSING

502 Loan Program Options:

- Section 502 **Direct** Loan Program
- Section 502 **Guaranteed** Loan Program



SECTION 502 DIRECT LOANS

Purpose:

- to provide home-ownership opportunities to rural families with **very low** and **low** incomes
- loans may be used to buy, build, improve, or repair rural homes



SECTION 502 DIRECT LOANS

Loan Features:

- **No required down payment**
- **Loans are for up to 33 years** (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms).
- **Interest rate is set by RHS**, currently the interest rate is 3.125%.
 - **Interest rate is modified by payment assistance subsidy.**

SECTION 502 GUARANTEED LOANS

Purpose:

Section 502 loans guarantees are primarily used to help moderate income households purchase homes in rural areas. Funds can be used to build or purchase a home, closing costs fees.



SECTION 502 GUARANTEED LOANS

Loan Features:

- **USDA partners with approved lenders, which may be a bank, mortgage company or mortgage broker.**
- **With a 90% guarantee from USDA, a loan is made by an approved lender to an eligible first-time homeowner.**
- **The USDA guarantee allows lenders to offer rates and terms that are favorable to a family seeking to own a home.**

SECTION 502 GUARANTEED LOANS

Eligibility:

- Income of up to 115% of median income for the area/State. Adj. Income Limits (2/7/12)
 - **1-4 pers \$74,450**
 - **5-8 pers \$98,650**
- The lender determines repayment feasibility, using repayment ratios



SECTION 502 GUARANTEED LOANS

Terms:

- Loans are for 30 years
- Interest rate is set by the lender
- No required down payment
- No loan limit

SAGAN BONITA CASE STUDY

- **Partnership between a local non-profit organization, local government and USDA**
- **Development of a 56-unit, affordable housing subdivision in Mangilao**
- **Total project - \$11.1 million**
- **Homes priced at approximately 30% below the market value**



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THE RESULTS



Sagan Bonita Affordable Homeownership Program
Guam Housing and Urban Renewal Authority
Government of Guam

Designer
TG Engineering, PC

Construction Company
Reliable Builders Inc.

USDA 
Rural Development
Committed to the future of rural communities.

Financed by United States Department of Agriculture (USDA) Rural Development

This institution is an equal opportunity provider, **Barack Obama, President of the United States**
Tom Vilsack, Secretary of Agriculture





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