

USDA Rural Development

Housing Programs for Very-low, Low, and Moderate Income Homebuyers



Housing Programs

- We offer affordable housing products to rural communities/individuals/lenders through direct and guaranteed loan products
- Direct financing is a loan made by Rural Development directly to an eligible applicant
- Guaranteed financing is a loan made by a mortgage lender to an eligible applicant; the loan is guaranteed by Rural Development



Highlights for Direct Loans

- 100% financing
- For qualified applicants, funds are available for assistance with down payment and loan closing costs
- Repairs can be financed
- No Mortgage Insurance Required

Homes that Qualify

Existing Homes

- Must meet USDA Thermal Standards
- Inspection
- Typical Amenities
- Must be in rural areas (generally <20,000)

New Construction

- Three inspections
- CABO Model Energy Code
- Typical Amenities
- Plan Approval
- Publicly-maintained street/road



Basic Applicant Eligibility

- Be within the published income limits (family of 2 in Fallon or Fernley <\$40,850, family of 3 in Fallon or Fernley <\$45,950);
- Acceptable credit
- Meet debt ratios
- Cannot currently own a home
- Citizen or Qualified Alien

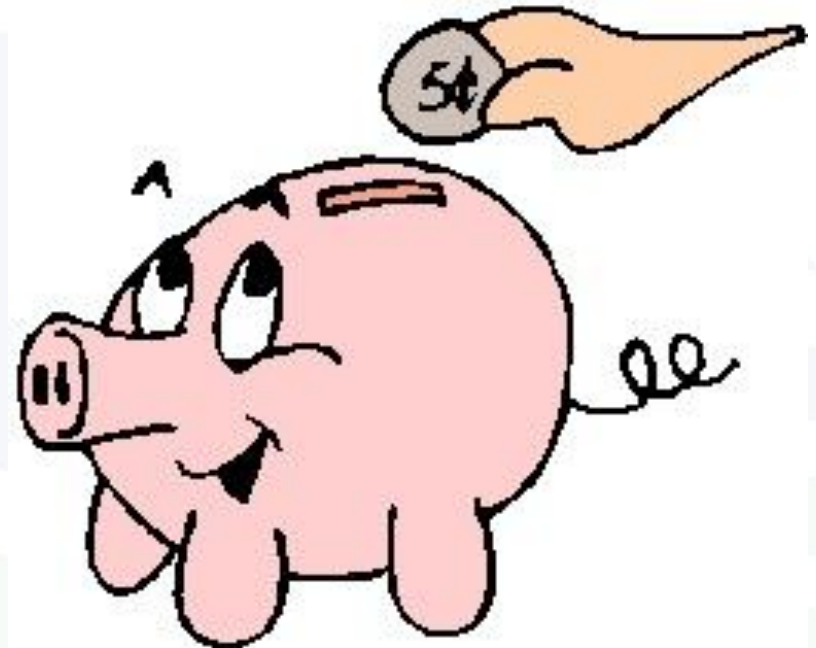


Repayment Ability

- 29% PITI, 41% TD – for Very Low Income
- 33% PITI, 41% TD – for Low Income

Compensating Factors

- High Rent Payments
- Savings History
- Job Prospects



Terms

- Terms are 30, 33, or 38 years.
- 30 years for manufactured housing
- 33 years for majority of applicants
- 38 years for very low applicants who do not meet ratios at 33 years
- Maximum Loan Amounts (\$200,160 in Churchill County; \$228,307 in Lyon County)

Interest Rate / Payment Assistance

- Payment Assistance is available to buyers who qualify
- Interest is subsidized based on the borrower's income - which lowers the monthly payment
- Subsidy is subject to recapture when the owner sells or refinances home.

Prequalification

- Rural Development will prequalify applicants prior to application submittal, to see if applicant can meet ratio requirements, if down payment assistance is needed, or if credit issues need to be resolved prior to application submittal.



Guaranteed Single Family Housing



Income Eligibility



- Must have adjusted income that does not exceed 115% of median for the area
- Family of 4 in Churchill or Lyon County = \$74,600

Eligible Borrowers

- 29% PITI, 41% TD
- Compensating Factors
 - High FICO Scores
 - Low Debt Use
 - Regular Savings
 - High Rent Payments
- Credit History
- Homeownership Counseling
- No Cash Reserves required



Homes that Qualify

Existing Homes

- Inspections
- HUD Handbooks
4150.1 and 4905.1
- Typical Amenities
- Must be in rural areas
(generally <20,000)

Site Requirements

- Site Size
- Site Value
- Site Location



New Homes that Qualify

Manufactured Housing

- From Approved Dealer/Contractors
- Turn-key deals only
- Proper HUD climate / seismic zone
- HUD approved unit
- Permanent Foundation

New Construction

- Must have three inspections
- Typical Amenities
- Plan Approval
- Public Street

Terms and Amounts

- Closing costs and repairs can be financed
- 2% Guarantee Fee
- No Mortgage Insurance Required
- No limit on Seller Contribution
- 30-year, Fixed Rate Mortgages
- Loans up to 102% LTV
- Interest Rates Negotiated
- Loan amount dictated by repayment ability

Resource Websites

- Eligibility Website: <http://eligibility.sc.egov.usda.gov/eligibility>
- National Web Site: www.rurdev.usda.gov
- RD Instruction 1980-D (including ANs and Forms):
<http://www.rurdev.usda.gov/regs/regs/>
- ListServ – receive e-mail updates:
<http://www.rdlist.sc.egov.usda.gov/listserv/mainserviet>
- E-Training Modules: <https://usdalinc.sc.egov.usda.gov/>
- Fannie Mae Rates:
http://www.efanniemae.com/singlefamily/reference_tools/net_yields/db_rate_chart.jhtml
- Credit Alert Interactive Voice Response System (CAIVRS):
<http://www.hud.gov/offices/hsg/sfh/sys/caivrs/caivrs/cfm>



Any Questions??



Committed to the future of rural communities.