

U.S. Department of Agriculture's Rural Housing Service

<http://www.rurdev.usda.gov/rhs/>

The following loan programs are administered by the Rural Housing Service (RHS), an agency within the Rural Development mission area of the U. S. Department of Agriculture:

Rural Housing Loans:

The Rural Housing Service (RHS) offers two types of homeownership loans: guaranteed and direct. The purpose is to provide homeownership opportunities to low and moderate income rural families and individuals through financing – with no down payment and at favorable rates and terms – either through a direct loan with RHS or with a loan from a private financial institution which is guaranteed by RHS. These loans are for the purchase, construction, rehabilitation, or relocation of a home.

Families and individuals must meet the following eligibility criteria:

- Be without decent, safe and sanitary housing.
- Be unable to obtain a loan from other sources on terms and conditions that they can reasonably be expected to meet.
- Have sufficient income to pay house payments, insurance premiums and taxes, and necessary living expenses. Persons with inadequate repayment ability may obtain co-signers for the loan.
- Possess the legal capacity to incur the loan obligation.
- Possess the ability to carry out the undertakings and obligations required in connection with the loan.
- Have a credit history which indicates a reasonable ability and willingness to meet obligations as they become due.
- Properties financed must be in rural areas including open country and places with populations of 10,000 or less and under certain conditions, towns and cities between 10,000 and 20,000 population.

Section 502 Direct Single-Family Housing Loans The direct loan program can be used either as a down payment assistance to enable purchase with a loan through a private lending source, or as a sole source of assistance for those unable to obtain any part of the needed credit from another lending source.

- Applications and loans are processed with the local Rural Development office.
- Loans may be made up to 100 percent of the market value.
- Total loan cannot exceed the current HUD 203b limit.
- Low and very-low income limits apply.
- Mortgages are fixed rate, 33- to 38-year terms.
- Payment assistance subsidy reduces monthly payments for eligible applicants.

- Loans can be made on Tribal Trust lands with an approved lease.

Section 502 Guaranteed Single-Family Housing Loans A loan may be guaranteed through a private lender if the principal purpose of the loan is housing acquisition, which may include purchase new, purchase existing, or purchase and improve an existing dwelling.

- Applications are made with approved lenders.
- Mortgages are 30 years fixed-rate.
- Interest rates are negotiated by the applicant and lender.
- Loans may be made up to 100 percent of market value.
- Maximum loan amounts will be dictated by an applicant's income and loan repayment ability.
- Moderate and Low income limits apply.
- Loans may be made on Tribal Trust lands through the *Rural Housing Native American Pilot Loan (RHNAP)*. Individual members of any federally recognized Indian or Alaska Native tribes that have been approved by Fannie Mae and RHS to participate in the pilot are eligible to participate in this guaranteed program.