

# Section 538 Guaranteed Rural Rental Housing Program (GRRHP)

## LOAN PRODUCTS

- Up to 90% guarantee
- Interest assistance (interest rate buy down)

## LOAN FEATURES

### *Loan to Value (LTV)*

- 90% or less for loans made to for-profit entities
- 97% or less for loans made to non-profit entities

### *Interest Rate*

- Best negotiated rate between lender and borrower fixed over the loan term
- Buy down interest rate of eligible projects with annual interest credit payments to the Applicable Federal Rate.

### *Maximum Repayment Terms*

- 25 year min., 40 year max.
- 25 year min. for balloon with 40 year amortization

### *Maximum Loan Amount*

- No limit

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## ELIGIBLE PURPOSES

- New construction and acquisition with substantial rehabilitation ( $\geq$ \$6,500 per unit)
- Take-out permanent financing and combination construction/permanent loans

## BENEFITS TO LENDERS

- 90% protection against loan losses
- Credit towards fulfillment of Community Reinvestment Act requirements
- Secondary mortgage market participation
- Loans exempted from lender's legal lending limits



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# Section 538 Guaranteed Rural Rental Housing Program (GRRHP)

## ELIGIBLE USES

- All hard costs
- Soft costs – professional services, bond fees, developer's fees, land acquisition and development cost of financing

## ELIGIBLE BORROWERS

- Individuals partnerships, non-profit or for-profit corporations
- Limited liability companies and trusts
- State and local agencies, Indian Tribes

## ELIGIBLE LENDERS

- Lenders eligible for approval include HUD, Fannie Mae, Ginnie Mae and Freddie Mac approved multifamily lenders
- Lenders with multifamily lending experience and demonstrated capacity to provide all aspects of loan processing, and asset management functions, including disposition.

## PROGRAM GUIDELINES

- Available to families or persons whose incomes at time of initial occupancy do not exceed 115% of median income
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size



## ELIGIBLE AREAS

- Rural areas with populations up to 20,000
- Website:  
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeaction.do>

## GRRHP REGULATIONS & FORMS

- Regulations are available online at:  
[www.rurdev.usda.gov/regs/hblist.html#hbw6](http://www.rurdev.usda.gov/regs/hblist.html#hbw6)
- Forms are available online at:  
[www.rurdev.usda.gov/regs/formtoc.html](http://www.rurdev.usda.gov/regs/formtoc.html)
- The application process and competitive selection criteria will be described in an annual Notice of Funding Availability (NOFA) published in the Federal Register



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