RURAL DEVELOPMENT

Single Family Housing Programs
USDA’s Housing Role and Mission

- Increase economic opportunity & improve the quality of life for people of rural America
- Finance well built, affordable and energy efficient housing
- Rural Development has been helping rural families purchase and repair homes since 1949
- In FY16, Rural Development in NY assisted 1998 families by providing $217 million in loans, grants and loan note guarantees
Single Family Housing Programs

- Section 502 (Direct) Single Family Housing Loans
- Section 502 Guaranteed Rural Housing Loans
- Section 504 Home Repair Loans and Grants
SECTION 504 HOME REPAIR PROGRAM

Assist very-low income rural homeowners to make repairs to their homes to include energy efficiency measures and accessibility modification for individuals with disabilities.
Program Highlights & Guidelines

- Repairs to improve or modernize home and/or to make the home accessible for household members with disabilities
- Maximum outstanding 504 loan amount is $20,000 at any given time
- Interest rate is fixed at 1%
- Maximum term of 20 years (term and repayment is based upon a household budget)
- Mortgage is filed for loans of $7,500 and over; promissory note only for loans less than $7500
Section 504 Home Repair Grants

Program Highlights & Guidelines

- Maximum cumulative lifetime grant assistance is $7,500.
- At least one applicant must be 62 years of age or older.
- Grant funds must be used to make repairs that will remove health and safety hazards or to make the home accessible and useable for household members with disabilities.
- Must demonstrate a lack of repayment ability for a loan as determined by completion of a household budget.
- Grantee must sign Grant Agreement requiring occupancy of home for three years. After three years, no repayment requirements.
Section 504 Home Repair Program

Eligibility Guidelines

- Household income - at or below the applicable very-low income limit for the county where home is located: https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
- Must own the home, site and occupy the property
- Demonstrate a willingness and history of paying debts/bills when due (loans)
- Asset Limitations ($15K non-elderly; $20K elderly)
- Property must be a modest single family dwelling and located in a RD designated rural area
Eligible areas:
http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
Click on Property Eligibility
502 Direct Single Family Housing Program

- Direct financing to very low to low income households (<80% of median income for area) to purchase a home in a rural area
- Funds to purchase or build a home
- No down payment requirements - 100% loan to value financing
- No Private Mortgage Insurance (PMI) required
- Interest Rate is fixed and payment assistance (subsidy) is available for many program participants. Subsidized interest rate can be as low as 1%, for qualifying applicants
- Standard loan term of 33 years (30 for manufactured home)
- Dwelling must be modest (minimal acreage, must not be designed for income producing purposes, cannot have in ground pool, farm out buildings, or a value that exceeds limit for area)
Section 502 Home Ownership Loans

Applicant Eligibility Guidelines

- Applicant must have stable and dependable income
- Household income - at or below the applicable low income limit for the county applicant wishes to purchase a home:  
  https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
- Have an acceptable credit history
- Agree to occupy the dwelling on a permanent basis
- Meet citizenship or eligible non-citizen requirements
- Demonstrate willingness and ability to repay the loan
Where To

Free Pre-Qualification Review by USDA

- Use unverified and preliminary information to evaluate the likelihood a potential applicant may be eligible for USDA home purchase or repair assistance
- Explain in detail the application process
- Calculate estimated repayment ability / qualifying loan amount
- Encourage early completion of homeownership education (required for home purchase only)
- Credit counseling and/or refer to a more formalized credit counseling service provider
- Contact your local USDA Rural Development Area Office
  https://www.rd.usda.gov/contact-us/state-offices/ny
- RD Area Office servicing Jefferson, Lewis and Oswego Counties:
  USDA Rural Development
  PO Box 838
  21168 NYS Route 232
  Watertown, NY 13601
  (315) 782-7289, Ext. 4
My client’s income is too high for the 502 Direct Loan program, but they still want to own their own home. Do you have a program for them?
Yes We Do!
Guaranteed Rural Housing Program

- Available to low and moderate income households
- Loans originated, underwritten, closed, owned and serviced by an approved RHS participating lender
- USDA “guarantees” lender up to 90% of the original loan amount
- Finance new construction or the purchase of an existing single family home in designated rural areas
- No PMI, but up front guarantee fee 1% and annual fee of .35% of average unpaid principal balance
Guaranteed Rural Housing Loans

Customer Benefits and Highlights

- 100% financing with no down payment required
- Eligible repairs and closing costs may be included in the loan up to the appraised value of the property.
- 30 year loans with fixed interest rates
- No prepayment penalties
- Satisfactory credit and qualifying ratios apply - 29% & 41% (ratios may be exceeded with compensating factors & credit score of 680) Nontraditional credit histories can be considered
- Upfront guarantee fee may be included in the loan above the appraised value – 101% LTV.
- Down payment assistance, seller concessions, gift funds or affordable grant programs can be partnered with USDA loan note guarantee.
- Low cost streamlined new construction financing
Where To Contact a USDA Approved GRH Lender

- Most lenders will provide a pre-approval at no cost to help determine likelihood of eligibility before applying for a GRH loan
- Calculate estimated repayment ability / loan amount
- Provide credit analysis or refer to a more formalized credit counseling service provider if necessary
- A listing of active participating USDA lenders available by contacting USDA Rural Development:
  https://www.rd.usda.gov/contact-us/state-offices/ny
Changing Lives – One Home At a Time
Please visit our websites:

http://www.rd.usda.gov/ny - RD NY Main Site

http://eligibility.sc.egov.usda.gov/eligibility/eligibilityAction.do - Property & Income Eligibility

http://www.rurdev.usda.gov/regs/Forms & Handbooks
For more information contact:

Watertown Area Rural Development Office
315-782-7289 – Option 4
TDD: (315) 477-6447

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