

GA USDA Rural Development

Reggie Taylor,
State Director

Debra Bell-Dison, Area Director



UNITED STATES DEPARTMENT OF
AGRICULTURE



Rural Housing Service

Serving Rural America

Single Family Housing



- Section 502 Direct Loan program
- Section 502 Guaranteed Loan program
- Rural Housing Site Loans

Single Family Housing Programs

Section 502 Rural Housing Direct
Loans

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

Average Income--

Eligibility Requirements

- Income must be w/in established guidelines
- Be unable to obtain sufficient credit from another lender
- Must personally occupy the dwelling
- Be a U.S. citizen or provide acceptable evidence of eligible immigration status
- Non-retirement assets less than \$5,000
- Demonstrate the ability and willingness to repay a loan
- Have an acceptable credit history

Section 502 Rural Housing Direct Loans

Eligibility:

- Very low income is defined as below 50 percent of the area median income (AMI)
- Low income is between 50 and 80 percent of AMI.

Section 502 Rural Housing Direct Loans

Eligibility:

- Applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories.

Section 502 Rural Housing Direct Loans

Terms:

- Loans are for up to 33 years (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms).
- The term is 30 years for manufactured homes.

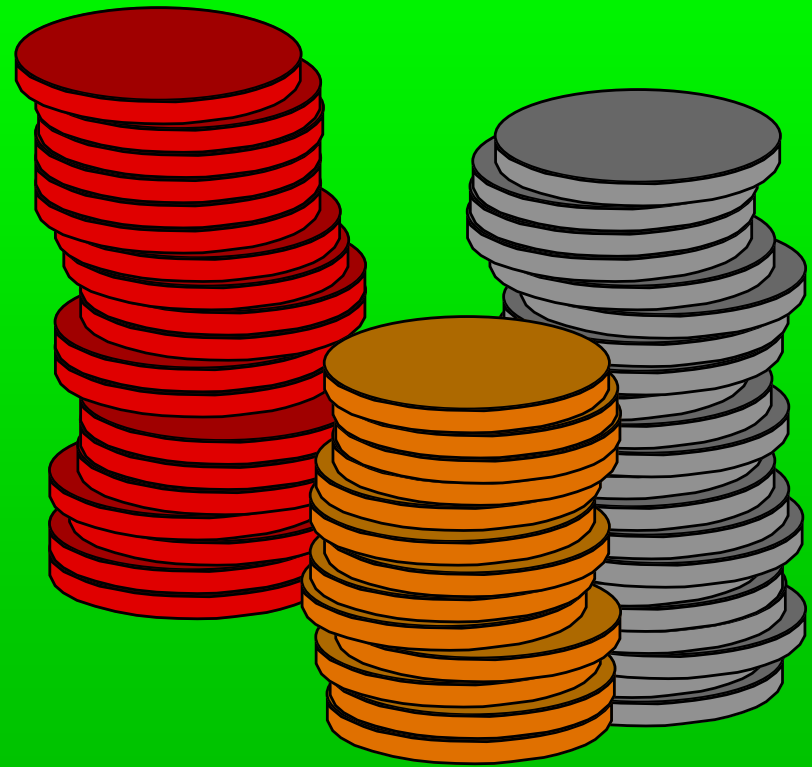
Section 502 Rural Housing Direct Loans

Terms:

- Interest rate is set by RHS, currently the interest rate is 2.50%.
- Interest rate is modified by payment assistance subsidy.

Repayment Ability

- **P**rincipal, **I**nterest, **T**axes and **I**nsurance (PITI ratio maximum is 33 percent)
- Total Debt ratio is 41 percent of gross monthly income



Section 502 Rural Housing Direct Loans

Standards:

- Housing must be modest in size, design, and cost.
- Houses must meet the voluntary national model building code adopted by the state and RHS thermal and site standards.

Credit

- Little or no credit history. The lack of credit history on the credit report may be mitigated if the applicant can document a willingness to pay recurring debts through other acceptable means such as third-party verifications or canceled checks. Due to impartiality issues, third party verifications from relatives of household members are not permissible.
- Payments on any installment account, on a per account basis, where the amount of the delinquency exceeded one installment for more than 30 days within the last 12 months.
- Payments on any revolving account, on a per account basis, which was delinquent for more than 30 days on two or more occasions within the last 12 months.
- A foreclosure that has been completed within the last 36 months.
- An outstanding Internal Revenue Service (IRS) tax lien or any other outstanding tax liens with no satisfactory arrangement for payment.
- Two or more rent or mortgage payments paid 30 or more days late within the last 2 years. If the applicant has experienced no other credit problems in the past 2 years, only 1 year of rent history will be evaluated. This requirement may be waived if the program loan will reduce shelter costs significantly and contribute to improved repayment ability.
- Outstanding collection accounts with a record of irregular payments with no satisfactory arrangements for repayment, or collection accounts that were paid in full within the last 6 months, unless the applicant had been making regular payments previously.
- Non-Agency debts written off within the last 36 months, unless the debt was paid in full at least 12 months ago.
- Agency debts that were debt settled within the past 36 months or are being considered for debt settlement.
- Delinquency on a federal debt.

FREQUENTLY ASKED QUESTIONS

- How much money is needed to close?
- How long does it take to close?
- What are the out of pocket expenses?
- What items are not covered by the home inspection?



Section 502 Direct Loan Customer

Single Family Housing Programs

Section 502 Loan Guarantees



Sec. 502 Guaranteed
Loan customer

Section 502 Rural Housing Loan Guarantees

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.

Single Family Housing Programs

Rural Housing Site Loans

Rural Housing Site Loans

- This program provides funding for a public or private non-profit organization to buy and develop building sites, including the construction of access roads, streets, and utilities.

Rural Housing Site Loans

- Sites developed under this program may be sold to individual households, non-profit organizations, public agencies, and cooperatives providing financial assistance for housing to low- and moderate-income families.

Rural Housing Site Loans

Purpose:

- Section 523 loans are made to acquire and develop sites only for housing to be constructed by the self-help method.
- Section 524 loans are made to acquire and develop sites for low- or moderate-income families (other than self-help).

Rural Housing Site Loans

Eligibility:

- Section 523 loans are limited to private or public nonprofit organizations that will provide sites solely for self-help housing.
- Section 524 loans are made to private or public nonprofit organizations.

Rural Housing Site Loans

Terms:

- Loans are for two years.
- Section 523 loans - 3 percent interest.
- Section 524 loans - Market rate of interest.

Rural Housing Site Loans

Regulation/Handbook: FmHA Instruction
444.8 (CFR Part 1822 Subpart G). FmHA
Instruction 1924-C.

For more information about these or other Rural Housing Service programs, contact the Rural Development State Office in your State or visit our website at:

www.rurdev.usda.gov/ga

Debra Bell-Dison

Phone:

229-382-0273 ext. 3487

912-433-2669