

PROGRAM: RD Multi-Family Program

AGENCY: USDA Rural Development (RD), Rural Housing Service

DESCRIPTION: This program, also known as the Rural Rental Housing or Section 515 Loan Program, was developed by the RD. The Multi-Family Program offers direct and guaranteed loans for purchasing, constructing and/or repairing multi-family housing units for households with very low-, low- and moderate-incomes.

ELIGIBLE USE:

- The purchase, construction or repair of multi-family housing units, including duplexes, garden apartments and similar type units are eligible.
- Purchase and improvements of the land on which housing units will be located.
- Improvement of on-site streets, water and waste disposal systems.
- Development of recreational and service facilities.
- Install laundry facilities and equipment.
- Provide landscaping.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: The direct loan finances up to 100% of the appraised value or development cost, whichever is less, for nonprofits, and state and local public agencies. Up to 95% or 97% financing on the lesser of appraised value or development cost is available to private, for-profit developers, depending on whether tax credits will be available.
- Equity: Eligible borrowers must demonstrate and provide initial operating capital equal to at least 2% of the total development cost. Nonprofits and public agencies may include the 2% in the financing, but may also have to finance up to 5% of initial cost.
- Maturities: Up to 30 years maximum, with 50-year amortization.
- Rates: 1% minimum interest rate, below market rates are available for borrowers in accordance with the market rent structure.
- Fees: The borrower is responsible for closing costs and other fees. Such costs may be loan eligible.

QUALIFICATION CRITERIA/COMMENTS:

- Eligible borrowers include individuals, trusts, associations, partnerships, corporations, state and local public agencies, consumer cooperatives, for-profit and nonprofit organizations, and Indian tribes.
- Projects located in communities with populations of less than 20,000 are eligible.
- Ineligible uses of the program include commercial properties and communities over 20,000 in population.
- A complete loan application must include financial information, market feasibility plans and specifications, ownership and management experience, and demonstration of financial need.
- Applications are accepted under a NOFA process for designated states.
- RD Area Offices and the State Office receive and review applications.
- For more information, visit <http://www.rurdev.usda.gov/id/515.htm> .
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>