

**PROGRAM:** RD Guaranteed Rural Housing Program

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

**DESCRIPTION:** Guarantees lender's loans to individuals and families in rural areas who are unable to obtain conventional financing at reasonable rates and who are without adequate housing. Secondary markets available to purchase loans are Fannie Mae, Ginnie Mae, Freddie and the New Mexico Mortgage Finance Authority.

**ELIGIBLE USES:**

- Loans for existing dwellings or newly constructed homes for single-family, owner-occupied residences.

**PROGRAM/LOAN STRUCTURE:**

- There are four variations of the Section 515 loan program. They are Cooperative Housing, Downtown Renewal Areas, Congregate Housing or Group Homes for Persons with Disabilities, and the Rural Housing Demonstration Program.
- Maximum Program Benefits: 100% guarantee for the first 35% of the loan, and the balance of the principal and interest amount is guaranteed at 85%.
- Equity: A down payment is not required by the RD.
- Maturities: 30 years.
- Rates: Market rate. Rates are fixed.
- Fees: 2% of the loan may be passed on to the borrower. Other reasonable and customary fees may be charged to the borrower.

**QUALIFICATION CRITERIA/COMMENTS:**

- Potential borrowers must demonstrate sufficient income to repay the loan and have a satisfactory credit history to show a willingness and the ability to meet financial obligations.
- The borrower's debt-to-income-ratios typically must be 29% for principal, interest, taxes and insurance (PITI); and 41% for total monthly obligations.
- The RD must approve lender participation in the program.
- Lender-approved applications are submitted to local offices for review and issuance of a Conditional Commitment for Guarantee.
- In new Section 515 projects, 95 percent of tenants must have very low incomes. In existing projects 75 percent of new tenants must have very low incomes.
- For more information, visit [http://www.rurdev.usda.gov/rhs/mfh/brief\\_mfh\\_rrh.htm](http://www.rurdev.usda.gov/rhs/mfh/brief_mfh_rrh.htm) and [http://www.rurdev.usda.gov/rhs/mfh/dev\\_splash.htm#Rural%20Rental%20Housing%20Guaranteed%20Loan%20Program](http://www.rurdev.usda.gov/rhs/mfh/dev_splash.htm#Rural%20Rental%20Housing%20Guaranteed%20Loan%20Program).
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>