

PROGRAM: RD Guaranteed Rural Rental Housing Program – Section 538

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

DESCRIPTION: Guarantees lender's loans to construct rental housing for very low- to moderate-income households; or elderly, handicapped, disabled persons with income not in excess of 115% of the median income of the surrounding area.

ELIGIBLE USES:

- Funds construction, acquisition or rehabilitation of rural multifamily housing.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: 90% guarantee.
- Maturities: 40 years.
- Rates: Rates of the loans guaranteed must be fixed, as negotiated between lender and borrower, within the HCFP maximum established under the Notice of Fund Availability (NOFA). The rate is based on the 30-year Treasury bond rate on the day prior to date of loan closing.

QUALIFICATION CRITERIA/COMMENTS:

- 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.
- Loans of up to \$1,500,000 must be approved by State Directors. All requests for loans above \$1,500,000 must be reviewed by the HCFP National Office.
- For more information visit http://www.rurdev.usda.gov/rhs/mfh/brief_mfh_grrh.htm
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>