



Committed to the future of rural communities.

RURAL HOUSING PROGRAMS

GUARANTEED HOME OWNERSHIP LOAN PROGRAM

More rural families and individuals may be eligible to become homeowners with the help of an U.S. Department of Agriculture (USDA) Rural Development guaranteed loan. Sometimes good credit and a steady income are not enough to qualify at a commercial lending institution, like a bank or savings and loan. A sizable downpayment may also be required. When the Federal Government agrees to guarantee a loan, lending institutions can help buyers while incurring little risk. Through the Guaranteed Rural Housing (GRH) Home Ownership Loan Program, low and moderate-income people can qualify for mortgages even without a downpayment.

Eligible Persons

- Must have an adequate and dependable income.
- Must be an U.S. citizen or be legally admitted to the United States for permanent residence.
- Must have an adjusted annual family income that does not exceed the moderate income for the area. Income includes the total gross income of the applicant, co-applicant and other adults in the household. Each USDA Rural Development office can provide specific income limits for your area. (Adjusted annual income is determined by subtracting \$480 for each minor child. Child care deductions can also be deducted.)
- Must have a credit history that indicates a reasonable willingness to meet obligations as they become due.
- Must have repayment ability based on the following ratios.

Principal, interest, taxes and insurance (PITI) divided by gross monthly income, must be equal to or less than 29%. Total debt (TD) of 41% or less is determined by dividing all monthly debts by gross income.

Homes That Qualify

- Guaranteed loans can be made on either new or existing homes. However, loans cannot be made on existing manufactured homes.
- Existing homes must be structurally sound, adequate and in good repair.
- Dwellings must be certified to meet HUD property standards.
- No restrictions exist on the size or design of the dwelling financed.
- Must be a residence, not a farm.
- Residential acreages are typically eligible for financing if the site does not exceed 30% of the total value of the property and is not used for income producing purposes or contain farm service out buildings.
- Homes must be located in rural areas. Rural areas include communities with a population of 20,000 or less and the communities of Columbus and Norfolk.

Highlights Of The USDA Guaranteed Rural Housing (GRH) Home Ownership Loan Program

- Borrowers make application with participating lenders. Each USDA Rural Development office can provide a list of approved lenders eligible to participate in the program or you can obtain a list at <http://www.rurdev.usda.gov/ne>.
- Borrowers must personally occupy the dwelling following the purchase.
- Mortgages are 30-year fixed rate at market interest rates. Loans may also be made in conjunction with NIFA single family housing program.
- There are no down payment requirements.
- There are no cost or loan limitations for this program.
- Loans may be made for the purchase of new or existing dwellings and for necessary repairs at the time of purchase. The GRH program may also be used to refinance existing GRH loans or to refinance loans made under the USDA Direct Home Ownership Loan program.
- Other closing costs such as legal fees, title services, and other typical closing costs can be financed in the loan up to 100% of appraised value.
- A one-time guarantee fee of 2 percent of the loan amount is charged for purchase loans. The guarantee fee for GRH refinance loans is 1 percent. An annual fee at .3 percent of average unpaid principal balance will apply. The applicant may also be responsible for other fees required by the lender. The GRH fee can be financed above the market value.
- There is no limit on the seller's contribution to closing costs.
- Guaranteed loans are subject to the provisions of the Civil Rights statutes, including the Equal Opportunity Act.
- Fannie Mae, Freddie Mac, and Ginnie Mae will participate in programs with purchase of the loan from the originating lender.

Interested borrowers should call or visit an approved lender or the nearest USDA Rural Development Office for information about the program and exact income limits for particular areas.

For More Information

For more information contact your local USDA Rural Development Office or the USDA Rural Development State Office at:

USDA Rural Development
Attn: Rural Housing Division
Federal Building, Room 152 100
Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5518 (voice)

National Office Web Site: <http://www.rurdev.usda.gov/rhs>
Rural Development Toll Free: (800) 670-6553
Nebraska Rural Development Web Site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

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