



Committed to the future of rural communities.

RURAL HOUSING PROGRAMS

RURAL HOUSING SITE LOAN PROGRAM

USDA Rural Development makes loans to finance building sites which may be developed into desirable residential communities. The sites must be in rural areas and sold on a nonprofit basis. Rural areas include open country and places with a population of 20,000 or less and the communities of Columbus and Norfolk. Section 523 rural housing sites are for housing to be built by the self-help method. Section 524 rural housing sites have no limitation on the method of home construction.

Who May Receive A Loan?

Loans may be made to public or private local nonprofit organizations with legal authority to buy, develop and sell homesites to eligible applicants. Organizations who apply for a site loan must provide evidence of the need for the proposed sites, information as to the number of sites to be developed and the estimated development cost. It must be shown that the number of sites developed can reasonably be sold within 2 years of loan (loan term). Applicants should not start work or incur obligations in connection with project before loan is closed.

Who May Buy Sites?

Section 523 loan developed sites may be sold only to qualified families who will build homes by the self-help method.

Sites developed with a Section 524 loan may be used for dwellings for low and moderate income families and may be sold to families, nonprofit organizations, public agencies and cooperatives eligible for assistance under any law which provides financial aid for housing. Such agencies include USDA Rural Development, U.S. Department of Housing and Urban Development (HUD), Veterans Administration (VA), private lenders, nonprofit organizations funded by federal, state or local governments, or state and local public agencies.

What Are The Loan Terms?

- Repayment is expected within 2 years.
- Interest rate for Section 523 loans is 3%.
- Interest rate for Section 524 loans is determined annually.

How May Loan Funds Be Used?

Funds may be used to:

- Buy and develop building sites, including construction of essential access road, streets, and utilities that become permanent features of the development.
- Pay engineering and legal fees and actual cost of incidental administrative expenses i.e. postage, phone, advertising and temporary secretarial help, provided funds for these expenses are not otherwise available.

Funds may NOT be used to:

- Buy land in excess of immediate needs in the locality.
- Buy land directly or indirectly from a member of the applicant organization unless prior USDA Rural Development consent has been obtained.
- Develop lots that are excessive in cost or unsuitable for the type of housing needed and planned.

What Security Is Required?

Each loan will be adequately secured to protect the interest of the government. Loans will be secured by liens on property purchased or improved with the loan.

Where Is Application Made?

Applications for loans are made at the local offices of USDA Rural Development. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application. All applications are considered without regard to the race, color, religion, age, sex, marital status, handicap or nation origin of the applicant and benefits that accrue from use of the funds must be available to all on the same basis.

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) 437-5574 (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

“USDA Rural Development is an Equal Opportunity provider, employer and lender.” To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington D.C. 20250-9410 or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).

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