



Committed to the Future of Rural Communities

# Self Help Housing Loans

## NEIGHBORS WORKING TOGETHER TO BUILD THEIR HOMES



*Build  
Your  
Dreams*

### Self Help - How It Works:

- 6-10 families build their homes
- Each family obtains their own loan
- Work under a labor supervisor
- Learn all phases of construction
- Technical work can be contracted
- No one moves in until all homes are completed
- Credit counseling for success

### Direct Program Benefits:

- Interest rate, as low as 1%
- 100% financing
- No mortgage insurance
- No downpayment
- No hidden fees
- 33 year mortgage
- May include other financing
- First time or other buyers OK

## USDA Rural Development

Greensburg Office Located Southwest of Courthouse

or

2106 East Spruce Street, Garden City, KS 67846-6362

Phone (620) 275-0211 Fax (620) 275-4903



Equal Housing Opportunity

# SELF HELP HOUSING PROGRAM HIGHLIGHTS

## Not Just Building Homes.....Building Neighborhoods

Through the Mutual Self Help Housing Program, a group of families works together under the guidance of a construction supervisor, hired by a non-profit group (the Self Help grantee). Self Help families are all shapes and sizes, ranging from single elderly people; to couples with children; to single-parent families. The construction supervisor will lead the group through the homebuilding process, teaching new skills as the project develops. The group shares the common goal of owning a home and are committed to do whatever is needed to make their dream a reality. Since the group performs much of the labor themselves, they will have more house for less cost. But, the Mutual Self Help Housing Program is about more than just building houses. It stimulates the local economy, establishes credit, and builds new skills, self confidence and a strong community. It's about pride and having a place to call home.

## Program Overview

Self Help families learn all phases of homeownership: from construction, to budgeting and home maintenance. USDA strives to enable participants to become informed, successful homeowners. The Agency is accustomed to working with families on tight budgets and many also have lower incomes. Participants are encouraged not to borrow more than they can afford. No down payment is required and payments are based on income. 100% financing is available for those who qualify. Payment Assistance is also available to qualified families. Mortgages typically run 33 years (may extend to 38 years, in some cases), reducing monthly payments even further. In addition, Private Mortgage Insurance (PMI) is NOT required on USDA loans. Since USDA Rural Development can lend to those who cannot obtain a conventional loan, Agency programs make it possible to reach many households who otherwise could not afford a home.

### To qualify for a USDA Direct Home Loan:

- Gross Income must be below 80% of the County Median Income
- Must have acceptable credit history
- Must have acceptable employment
- Must be a U.S. Citizen or a Legal Resident Alien

Family Size	<u>Direct Annual Income Limits for Kiowa County (Other Counties Will Vary)</u>							
	1	2	3	4	5	6	7	8
Income Limit	27,900	31,900	35,850	39,850	43,050	46,250	49,400	52,600

### Direct Loan Payment Example

\$75,000 Loan Amount, 3.9% Effective Interest Rate, Taxes/Insurance Estimate \*\$100/month;  
Family of 4 with Annual Income of \$25,000

RD Loan (Prin. + Int. - **Subsidy) =	\$341
Escrow taxes and insurance =	<u>100</u>
Monthly Payment	\$441

\* Assumes tax abatement under Neighborhood Revitalization Program.

\*\* Subsidy based on a formula tied to income. Subsidy declines as income goes up. Subsidy does not go below a 1% effective interest rate. Subsidy received must be re-paid when the home is sold or when loan is paid in full.

The GRH Loan Program will be considered on a case by case basis for those with higher incomes.

For more information or to apply for a loan, please contact:

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**Greensburg Office Located Southwest of Courthouse**  
or  
2106 East Spruce  
Garden City, KS 67846  
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