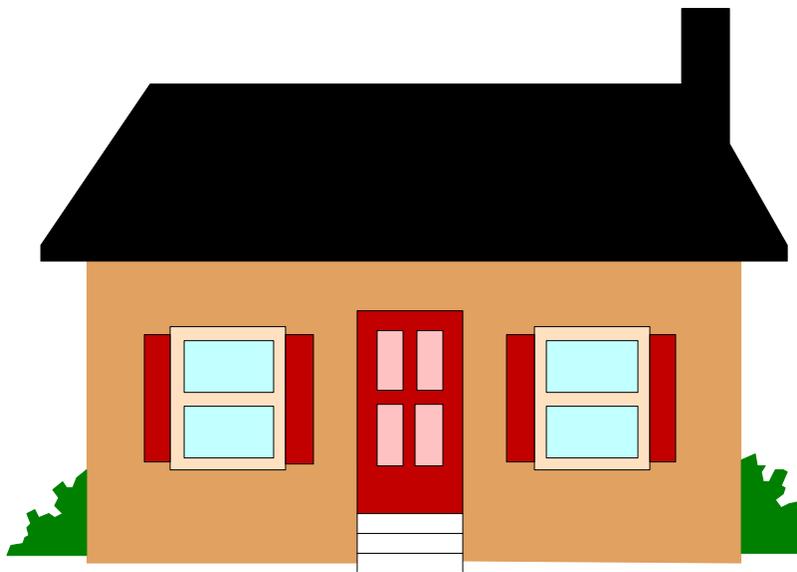


**U.S. DEPARTMENT OF AGRICULTURE**

**KANSAS**

**RURAL DEVELOPMENT**



**RURAL HOUSING  
PROGRAM FACT SHEETS**



EQUAL HOUSING OPPORTUNITY

July 2004

# INTRODUCTION

I am pleased to present this booklet which provides general information about USDA Rural Development in Kansas. It summarizes the many programs available to assist individuals in rural America.

**Our Vision Statement is:** Partners in helping the people of rural America develop sustainable communities.

**Our Mission Statement is:** Enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

Our employees are committed to serving the rural residents of Kansas. Challenges are being met through the use of a statewide strategic plan. The plan recognizes the need to make the best and most efficient use of our skilled and committed staff and focuses on investing our limited resources by recognizing that Rural Development must leverage our resources with the resources of other organizations, both public and private. We believe that by working with other organizations and community leaders and being a catalyst for change, we can contribute to a more promising future for people throughout rural Kansas.

Our current plan emphasis forging more partnerships and leveraging federal funds to the maximum to help as many individuals and communities as possible. In addition, our new mission area allows Rural Development to be the catalyst in assisting communities with assessing their needs, analyzing their resources and working together toward new solutions. In these cases, we bring our expertise in planning, financial management and technical assistance to the table to partner with others to help rural America.

Rural Development programs are delivered through 10 Local USDA and 4 Area Offices. For your convenience in reaching us, we are attaching a listing of the Local and Area Offices, including names, addresses and phone numbers.

Thank you for the opportunity to share the vision of USDA Rural Development. We will look forward to assisting you with the improvement of the quality of life in rural Kansas.

Sincerely,

CHUCK BANKS  
State Director  
Kansas USDA Rural Development

# TABLE OF CONTENTS

## PROGRAM FACT SHEETS

<u>TITLE</u>	<u>PAGE</u>
Rural Development Local Office Directory	1 - 2
Rural Development Area Office Directory	3 - 4
Rural Housing Loan and Grant Programs	5
Home Ownership Loans (Sec. 502)	6
Guaranteed Rural Housing Loans (Sec. 502)	7
Home Repair Loans and Grants (Sec. 504)	8
Housing Preservation Grant Program (Sec. 533)	9
Rural Housing Site Loans (Sec. 524)	10 - 11
Self-Help Technical Assistance Grants	12 - 13
Farm Labor Housing Loans and Grants (Sec 514/516)	14
Rural Rental Housing Program (Sec. 515)	15
Guaranteed Rural Rental Housing Program (Sec. 538)	16- 17
Rural Development Internet Addresses	18

**Kansas**  
**USDA RURAL DEVELOPMENT**  
**LOCAL OFFICES**

<b>ALTAMONT</b>				
	Christie McReynolds	Labette		
	115 W. 4 <sup>th</sup>			
	Altamont, KS 67330			
	(620)784-5431			
	(620)784-5900 (fax)			
<b>COLBY</b>				
	Keith R. Corbett	Cheyenne		Rawlins
	915 E. Walnut	Decatur		Scott
	Colby, KS 67701	Gove		Sheridan
	785-462-7671	Greeley		Sherman
	785-462-9726 (fax)	Lane		Thomas
		Logan		Wallace
		Norton		Wichita
<b>GARDEN CITY</b>				
	James K. Sabourin	Clark		Hodgeman
	2106 E. Spruce	Comanche		Kearny
	Garden City, KS 67846	Edwards		Kiowa
	(620)275-0211	Finney		Meade
	(620)275-4903 (fax)	Ford		Morton
		Grant		Seward
		Gray		Stanton
		Hamilton		Stevens
		Haskell		
<b>HAYS</b>				
	Julie Peterman	Barton		Osborne
	2715 Canterbury	Ellis		Pawnee
	Hays, KS 67601	Ellsworth		Phillips
	(785)628-3081	Graham		Rice
	(785)625-6065(fax)	Jewell		Rooks
		Lincoln		Rush
		McPherson		Russell
		Mitchell		Smith
		Ness		Trego

**KANSAS  
USDA RURAL DEVELOPMENT  
LOCAL OFFICES**

<b>IOLA</b>					
	Christie S. McReynolds	Allen			Franklin
	202 W. Miller Rd.	Anderson			Montgomery
	Iola, KS 66749	Bourbon			Neosho
	(620)365-2901	Cherokee			Osage
	(620)365-5785 (fax)	Coffey			Wilson
		Crawford			Woodson
<b>LAWRENCE</b>	LeRoy W. Rieschick	Atchison			Johnson
	P.O. Box 3447	Brown			Leavenworth
	3010 Four Wheel Drive	Doniphan			Nemaha
	Lawrence, KS 66046-0886	Douglas			Shawnee
	(785)843-4260	Jackson			Wyandotte
	(785)841-1087 (fax)	Jefferson			
<b>MANHATTAN</b>					
	Bryan D. Rohn	Clay			Ottawa
	2615 Farm Bureau Road	Cloud			Pottawatomie
	Manhattan, KS 66502	Dickinson			Republic
	(785)776-7582	Geary			Riley
	(785)776-2733 (fax)	Lyon			Saline
		Marshall			Wabaunsee
		Morris			Washington
<b>NEWTON</b>					
	Tom L. Finger	Barber			Harvey
	1405 S. Spencer Road	Butler			Kingman
	Newton, KS 67114	Chase			Marion
	(316)283-0370	Chautauqua			Pratt
	(316)283-2379 (fax)	Cowley			Reno
		Elk			Sedgwick
		Greenwood			Stafford
		Harper			Sumner
<b>PAOLA</b>					
	Carol S. Horting	Miami			
	100 N. Angela – Suite 2	Linn			
	Paola, KS 66071				
	(913)294-3751				
	(913)294-3386 (fax)				

**Kansas**  
**USDA RURAL DEVELOPMENT**  
**Area Offices**

<b>AREA 1</b>				
<b>MANHATTAN</b>				
	Bill Moore	Atchison		Lyon
	2615 Farm Bureau Rd	Brown		Marshall
	Manhattan, KS 66502	Clay		Morris
	(785) 776-7582	Cloud		Nemaha
	(785) 539-2733	Dickinson		Ottawa
		Doniphan		Pottawatomie
		Douglas		Republic
		Geary		Riley
		Jackson		Saline
		Jefferson		Shawnee
		Johnson		Wabaunsee
		Leavenworth		Washington
		Lincoln		Wyandotte
<b>AREA 2</b>				
<b>IOLA</b>				
	Neal Troyer	Allen		Kingman
	202 W. Miller Rd.	Anderson		Labette
	Iola, KS 66749	Barber		Linn
	(620)365-2901	Bourbon		Marion
	(620)365-5785 (fax)	Butler		Miami
		Chase		Montgomery
		Chautauqua		Neosho
		Cherokee		Osage
		Coffey		Pratt
		Cowley		Reno
		Crawford		Sedgwick
		Elk		Stafford
		Franklin		Sumner
		Greenwood		Wilson
		Harper		Woodson
		Harvey		



# RURAL HOUSING LOAN AND GRANT PROGRAMS

U.S. Department of Agriculture

## RURAL DEVELOPMENT

**Direct Housing Loans**--loans made by USDA Rural Development to low and very low income applicants to buy, build or repair homes. Payments are subsidized.

**Guaranteed Housing Loans**--loans made by conventional lenders and guaranteed by USDA Rural Development to low and moderate income applicants to buy or build homes. 30 year fixed interest rate.

**Home Repair Loans**--1% loans made by USDA Rural Development up to \$20,000 to very low income applicants to repair the home they now own.

**Home Repair Grants**--grants made by USDA Rural Development up to \$7,500 to very low income applicants, 62 years of age or older, to repair the home they now own to remove safety and health hazards.

**Rural Rental Housing Loans**--loans made by USDA Rural Development to individuals or organizations to construct apartments including congregate housing and group homes for very low to moderate income households--operated on a not-for-profit or a limited profit basis with subsidized rents.

**Guaranteed Rural Rental Housing Loans**--loans made by conventional lenders and guaranteed by USDA Rural Development to developers to construct apartments for low and moderate income households.

**Site Loans**--loans made by USDA Rural Development to public bodies or not-for-profit entities to buy and develop lots to sell to very low to moderate income housing applicants at cost.

**Self-Help Housing Loans**--loans made by USDA Rural Development to housing applicants who agree to work together as a group to build their own homes.

**Technical Assistance Grants**--grants made by USDA Rural Development to not-for-profit entities to provide the technical assistance to Self-Help Housing Loan applicants to build their own homes.

**Farm Labor Housing Loans/Grants**--loans/grants made by USDA Rural Development to public bodies, not-for-profit entities or individuals to finance rental units for domestic farm labor.

**Housing Preservation Grants**--grants made by USDA Rural Development to not-for-profit entities to operate a program which finances repair and rehabilitation activities to individual housing or rental properties for very low and low income property owners.

# HOME OWNERSHIP LOANS (Sec. 502)

HB-1-3550

## **Purpose**

To provide very low and low income families with financing to build, purchase, or repair homes that meet local codes and provide adequate affordable housing.

## **Eligible Applicants**

- Be without ownership of decent, safe and sanitary housing.
- Be unable to obtain a loan from other conventional lending sources on affordable terms.
- Have sufficient income for loan repayment, taxes, insurance, living expense and other existing debts.
- Possess the legal capacity to incur debt.
- Be a very low or low income applicant (80% of County Median Income or less)
- Have an acceptable credit history.

## **Loan Purposes**

- Loan funds may be used to purchase a site and build a new home. Certified building plans, specifications and lot survey must be provided.
- Loan funds may be used to purchase an existing modest home which meets building standards or can be brought up to code with loan funds.
- Funds may be used to modernize or repair a home already owned by an applicant.
- Under certain limited conditions, funds may be used to refinance debts on a home.

## **Loan Terms**

Loans may be made for up to 100% of the appraised Market Value plus some of the closing costs. The loan will be for a 33 year term and under certain conditions it may be extended to 38 years. The interest rate changes based on the cost of funds to the Government, but the note rate stays the same after the loan is closed. The full note payment may be reduced on an annual basis by Payment Assistance which is based on household annual adjusted income.

## **Location and Type of Home**

The home must be located in an eligible rural community. Communities with less than 10,000 population are eligible and some communities with population up to 20,000 are eligible. Also, properties on a farm, or in open country not closely associated with an urban area are eligible. It must be located on a site which has a sewage disposal and water system that is approved by the Department of Health. Adequacy of streets and other services are approved on a site by site basis.

Homes financed must be modest housing that is structurally sound, in good repair, and thermally efficient. The modest home financed must not exceed the Area Loan Limit for the county in which the property is located. The home cannot have an in-ground swimming pool, but otherwise is not limited in amenities.

## **Other Features**

These loans may be made in partnership with a conventional loan. The conventional lender takes a first mortgage and Rural Development is secured by a second mortgage. The interest rate charged to the borrower for the Rural Development loan will be a reduced rate, based on the income of the borrower. Applications are filed at the local office serving the area where the home to be financed is located.

# Guaranteed Loan Program for Single Family Housing

## RD Instruction 1980-D

### **Product Summary**

USDA Rural Development offers a Guaranteed Loan Program through participating approved lenders to provide rural residents with better access to affordable single family housing finance options. This program is designed especially for low and moderate-income borrowers. In most cases, borrowers can qualify for these loans with no down payment. The program is an excellent opportunity for a borrower who wouldn't qualify for conventional or FHA loans without additional assistance.

### **Program Highlights**

- Loans may be for up to 100 percent of the appraised value or for the acquisition cost, whichever is less
- Mortgages are for 30 year fixed rate at market interest rates
- Loans may include funds for closing costs, guarantee fee, legal fees, title services, cost of establishing an escrow account and other prepaid items, if the appraisal is higher than sales price
- Sellers may contribute to the buyer's closing costs
- Home buyers make application with participating lenders
- Buyers must personally occupy the dwelling following the purchase
- Loans may be made to refinance existing RHS Guaranteed housing loans or RHS Section 502 Direct Housing loans
- A one-time guarantee fee is charged to the lender, but may be passed on to the buyer. The fee is 1.5 percent of the loan amount for new loans and 0.5 percent of the loan for refinancing.
- Closed loans have secondary market acceptability, including Freddie Mac, Fannie Mae, Ginnie Mae pools, and many state housing finance agencies
- Guaranteed loans are subject to the provisions of the Civil Rights statutes, including the Equal Credit Opportunity Act
- No maximum loan limit. Loan amount is only limited by the Borrower's income and loan repayment ability

### **Homes That Qualify:**

- Guaranteed loans can be made on either new or existing homes.
- Existing homes must be structurally sound, functionally adequate, and in good repair.
- The home must not be used for income-producing purposes.
- Homes must be located in rural areas. Rural areas include open country and places with a population of 10,000 or less and under certain conditions, towns and cities with 10,000 to 20,000 residents. USDA Rural Development field offices can determine eligible areas.

### **Applicant Eligibility Criteria**

- Does not own an adequate home
- Unable to easily qualify for a conventional loan.
- Be a natural citizen or a non-citizen with one of the INS authorizations in USDA handbook
- Adjusted gross household income cannot exceed the income limit for the household size and county in which the property to be financed is located.
- A family's income includes the total gross income of the applicant, co-applicant and any other adults in the household.
- Applicants may be eligible to make certain adjustments to gross income, such as annual childcare expense and \$480 for each minor child-in order to qualify.
- A copy of the current income limits is available from any USDA Rural Development office in Kansas.
- Local office and/or lender will assist applicant in determining adjusted gross income.
- Have a credit history that indicates a reasonable willingness to meet obligations as they become due
- Have a repayment ability based on the following ratios: Principal, Interest, Taxes, Insurance (PITI) divided by gross income must be equal to, or less than, 29 percent. Total debt divided by gross monthly income must be equal to, or less than, 41 percent. Ratio waivers are possible in certain circumstances.

### **Program Information**

Interested home buyers should call or visit their local lender or the nearest USDA Rural Development local office for information about the program. USDA Rural Development local office staff will refer potential applicants to participating lenders. Lenders interested in becoming approved to participate in the program may also contact USDA Rural Development for further information.

# HOUSING REPAIR LOAN/GRANT PROGRAM (Sec. 504)

## HB-1-3550

### Purpose

USDA, Rural Development can assist very low-income households who need financial assistance for essential repairs and improvements to the homes they own.

Loan funds may be used to make general repairs and improvements to properties, and to remove health and safety hazards. Applicants may obtain multiple Section 504 loans, but the sum of the outstanding balance on **ALL** Section 504 loans cannot exceed \$20,000. The loans have a maximum term of 20 years and an **interest rate of 1%**.

The **maximum lifetime** assistance available to any individual is \$7,500.00 for grants.

### Eligibility

- Must meet citizenship or eligible non-citizen requirements.
- Must possess the legal capacity to incur the loan obligation and not be suspended or debarred from participation in Federal Programs.
- Must have a credit history which indicates a reasonable ability and willingness to meet obligations as they become due.
- Must own and occupy the single family dwelling located in a rural area that is in need of repair. Evidence of ownership of the dwelling is required.
- Must be unable to obtain financial assistance from other non-government credit or grant sources, and lack personal resources that can be utilized to meet their needs.
- Must have an adjusted annual income at the time of loan/grant approval and at loan closing that does not exceed the applicable very low-income limits. Low-income applicants cannot receive assistance under Section 504.
- To qualify for a grant, at least one applicant must be 62 years of age or older and be unable to repay a 504 loan. Remember, grants can only be made for the removal of health and safety hazards.
- Must live in an eligible area. Any rural area or community with a population of less than 10,000, and some communities with a population up to 20,000, which has been designated as rural is an eligible area. Check with the Rural Development Local Office for guidance.

### Other Information

- Loans over \$7,500 require a mortgage to be filed on the dwelling, which is being repaired (best lien obtainable).
- Appraisals – An appraisal of the property to be repaired is required for 504 loans in exceeding \$15,000.00.
- All 504 loans must be secured, whether an appraisal is done, or not. This means that the total amount of debt against the home (including the new loan) cannot exceed the property's market value. Provide a copy of your property valuation statement that you received from the Appraisers Office.
- Title clearance - Title clearance is only required if the total indebtedness to Rural Development will exceed \$7,500.00 at the time the loan is closed. Title clearance and loan closing costs are paid by the applicant or included in the loan.
- **New loans which exceed \$7,500.00 require:** A residential credit report on each applicant (at no cost to the applicant).
- **New loans which exceed \$15,000.00 require:** Homeowner's insurance to be obtained on the property. The applicant, prior to loan closing, must pay one year's premium. Insurance must be maintained throughout the life of the loan.
- **Flood insurance is required in** special Flood Hazard Areas throughout the term of the loan, regardless of the loan amount and **for grants over \$5,000.00.**
- Grant recipients must sign a "Grant Agreement" by which they agree to repay the grant if the property repaired by the grant is sold or transferred within three years of the date the grant is made.
- The term of each loan will be established after determining the amount of the loan payment and the borrower's repayment. The maximum term will not exceed 20 years. Loans made in combination with a grant will always be amortized for 20 years in order to maximize the affordable loan amount and minimize the amount necessary as a grant.
- Construction is not to start prior to loan/grant closing. Issues can occur that prevent closing of a loan and/or grant.
- Dwellings repaired with 504 loan or grant funds need not be brought to OBC/CABO or RD thermal standards; nor must all of the existing hazards be removed. Dwelling must not continue to have major health or safety hazards after the repairs are made. 504 loans or grants may be made on mobile homes.

# **HOUSING PRESERVATION GRANT PROGRAM (Sec. 533)**

RD Instruction 1944-N

## **Purpose**

The HPG program offers funds to qualified public agencies, private nonprofit organizations and other eligible entities to assist low and very low-income rural homeowners repair and rehabilitate their home.

**Eligible Grant Purposes** - includes, but is not limited to:

- Installation and/or repair of sanitary water and waste disposal systems.
- Energy conservation measures such as insulation and combination screen-storm windows and doors and repair or replacement of the heating system.
- Electrical wiring.
- Repair of, or provision for, structural supports and foundations.
- Repair or replacement of the roof, severely deteriorated siding, porches, or stoops.
- Alterations to provide greater accessibility for any handicapped person.
- Additions to dwellings to alleviate overcrowding or to remove health hazards.

## **Pre-application Submission Deadline**

A Notice of Availability of Funds (NOFA) is published in the Federal Register in December or January of each year. The State Office then publishes a news release providing the amount of grant funds available and the time frame for submitting pre-applications.

## **Project Selection Criteria**

The State Office reviews and ranks the pre-applications and provides a list of the applicants and applicable information to the National Office for their approval and funding. The selection criteria includes points for the following criteria: percentage of very-low persons proposed to be assisted, population, percentage of funds which will be used for administrative purposes, component for alleviating overcrowding, leveraged funds, and administrative capacity to carry out the objectives of the grant.

## **Term of Grant**

The objectives of the grant shall normally be accomplished in 1 to 2 years.

## **Reporting Requirements & Compliance**

Progress in meeting grantees established objectives and fund usage is monitored by the State Office through quarterly reports submitted by the grantee.

At the close of the grant, the Grantee will be required to provide a final audit.

## **RURAL HOUSING SITE LOANS (Sec. 524)**

RD Instruction 444.8

### **Purpose**

Assist public or private nonprofit organizations with the purchase and development of adequate sites. Loan purposes include: construction of essential access roads, streets, utility lines, and necessary equipment which will become a permanent part of the development.

### **Eligible Applicants**

The applicant must be a private nonprofit or public nonprofit organization.

### **Loan Limitations**

\$100,000 or total development costs or value of property as improved, whichever is less. Can be a larger loan if prior authorization is obtained from the National Office.

### **Application**

The application is to be in the form of letter to the Local or Area Office which is to include:

- a financial statement
- general description of the project
- estimated cost and amount of loan needed
- evidence of inability to obtain credit elsewhere
- evidence of need for the proposed sites in the locality by low and moderate-income families
- evidence of any state, county, or local planning, zoning or other ordinance imposing additional restrictions upon the proposed site

### **Terms**

Current note rate for 524 loans. Three percent for 523 self-help housing. Maturity date will be two years from the date the loan is made. National Office may authorize an extension of the maturity date.

### **Security**

Each loan will be secured by a mortgage on the property purchased or improved with the loan and a security interest in the funds held by the corporation in trust for the Government.

### **Funding**

Allocations are maintained at the National Office. Applicants must get prior National Office approval before proceeding with the final request.

## **RURAL HOUSING SITE LOANS (continued)**

### **Eligible Loan Purposes**

- Access roads, streets, and utility lines.
- Purchase of land.
- Public water and waste disposal facilities if they are not available and cannot reasonably be provided on a community basis with other financing, including Rural Development Water and Waste Disposal association loan.
- Engineering fees, legal fees, and closing costs.
- Actual cash costs of incidental administrative expenses such as postage, telephone, advertising, etc.
- Needed landscaping, planting, seeding, or sodding, or other necessary facilities related to buildings such as walks, parking areas, and driveways.

### **Ineligible Loan Purposes**

- Purchase more land than immediate need for locality (generally, the limit is the number of lots that can be sold within 2 years).
- Payment of commissions or refinance debts
- Purchase land from a member of the applicant-organization.
- To develop lots which will be excessive in cost.

### **Program Restrictions**

The sites developed with a site loan (Sec. 524) must be for housing low and moderate income families and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any Section of Title V of the Housing Act of 1949. This could be a private lender, HUD, individuals who are eligible for a VA guaranteed loan, state or local public agencies such as a housing authority, as long as they meet the income guidelines.

# **SELF-HELP TECHNICAL ASSISTANCE GRANTS**

RD Instruction 1944-I



## **Purpose**

To provide grant funds to eligible organizations that are willing to locate and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50% of median incomes, living in substandard housing.

## **Eligible Applicant**

Be an organization which has the financial, legal and administrative capacity to administer the grant.

- May be a State, political subdivision, or public nonprofit corporation or,
- A private nonprofit corporation that is owned and controlled by private persons or interests and is organized and operated for purposes other than making gains or profits for the corporation.

## **Applications**

Pre-applications can be submitted to any of our 10 local offices throughout the state.

## **Funding**

An allocation for this program is maintained by the National Office. Eligible applications will be submitted to National Office for funding, through the State Office.

## **Term**

Grants are normally made on a two-year basis. Construction is generally in a group fashion of 8-10 families who agree to mutually provide labor to each other throughout the building period until all houses in the group are completed. Estimate a 6 to 8 month construction time frame for each group of 8 to 10 families. Three 8 month building cycles would complete the 24 month grant period.

## **SELF-HELP TECHNICAL ASSISTANCE GRANTS (continued)**

### **Use of Grant Funds**

- Payment of salaries of personnel, employee benefits, etc.
- Payment of necessary and reasonable office expenses such as utilities, equipment rental, office rental, supplies, etc.
- Purchase, lease, or maintenance of power or specialty tools (power saw, electric drill, saber saw, ladders, etc.). The participating families are expected to provide their own hand tools.
- Payment of liability insurance and audit costs.
- Payment of reasonable fees for training of grantee personnel.
- Payment of legal costs and accountant fees to set up an accounting system.

### **Loan Limitations**

The self-help home must be less costly than having a contractor / builder do the job. The maximum, grant amounts will be limited to:

- An average technical assistance (TA) cost per unit should be no more than 15% of the cost value of modest homes built in the area; or
- An average TA cost per unit that does not exceed the difference between the value of modest homes in the area and average mortgage of the participating families minus \$1,000; or
- A TA per unit cost that does not exceed an amount established by the State Director; or
- A negotiated amount for repair and rehabilitation type proposals.

### **General Comments**

Self-help participants must, by agreement, contribute a minimum of 65% of the labor. This labor reduces the house cost making it more affordable. Labor tasks selected for the families should be tasks requiring semi-skilled workers such that the work can be performed with on-the-job supervision by the grant program construction supervisor. Families are not expected to perform those construction phases requiring licensed workers. Participants should be prepared to contribute approximately 30 hours of work per week per group member.

**FARM LABOR HOUSING LOAN (Sec. 514)**  
**&**  
**FARM LABOR HOUSING GRANT PROGRAM (Sec. 516)**

**PROGRAM:** Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants, of the Housing Act of 1949 (42 U.S.C. 1485)

**PURPOSE:** Provide loans and grants for rental housing in rural areas for domestic farm laborers. The program has two basic components: one is a “loan only” to farmers for “On-Farm” housing on a non-rental basis; the other is a “loan or a combination loan/grant” for “Off-farm” housing on a rental basis for the local agricultural market. Loans are primarily made to build, buy, improve, or purchase apartment-style housing usually consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost providing decent, safe, and sanitary living units adequate to meet the tenant’s need.

**ELIGIBLE APPLICANTS:** Farm labor housing loans can be made to an individual farm owner, a family farm partnership, a family farm corporation, an association of farmers, State and local public agencies, broad-based public or private profit and non-profit organizations.

**APPLICATION PROCESS/DEADLINES:** The Section 514/516 Farm Labor Housing loan and grant program for “*Off-Farm*” developments is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in a Notice of Funding Availability (NOFA). The NOFA is published annually in the *FEDERAL REGISTER* and is usually published at the beginning of the fiscal year. The closing deadline for receipt of all applications is listed in the NOFA. “*On-farm*” labor housing applications can be submitted anytime during the fiscal year.

**AVAILABLE FUNDING:** The funds available for “Off-Farm” new construction purposes is listed in the NOFA.

**SOURCE OF FUNDS:** Annually appropriated by Congress.

**REFERENCE:** Rural Development Instruction 1944-D (Farm Labor Housing Loan and Grant Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

**CONTACT:** Virginia M Hammersmith MFH Specialist  
(785) 271-2721 or at [virginia.hammersmith@ks.usda.gov](mailto:virginia.hammersmith@ks.usda.gov)

## **RURAL RENTAL HOUSING LOAN PROGRAM (Sec. 515)**

RD Instruction 1944-E

**PROGRAM:** Section 515, Rural Rental Housing loan program of the Housing Act of 1949 (42 U.S.C. 1485)

**PURPOSE:** Provide loans for rental housing in rural areas for persons or families with very-low, low and moderate incomes including elderly persons and persons with disabilities. Loans are primarily made to build or purchase apartment-style housing usually consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost providing decent, safe, and sanitary living units adequate to meet the tenant's need.

**ELIGIBLE APPLICANTS:** Rental housing loans can be made to individuals, trusts, associations, partnerships, limited-partnerships, State and local agencies, consumer cooperatives, and profit and non-profit corporations.

**APPLICATION PROCESS/DEADLINES:** The Section 515 Rural Rental Housing loan program is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in the Notice of Funding Availability (NOFA). The NOFA is published annually in the *FEDERAL REGISTER* and is usually published at the beginning of the fiscal year. The closing deadline for receipt of all applications is listed in the NOFA.

**AVAILABLE FUNDING:** The funds available for new construction is listed in the NOFA.

**SOURCE OF FUNDS:** Annually appropriated by Congress.

**REFERENCE:** Rural Development Instruction 1944-E (Rural Rental and Rural Cooperative Housing Loan Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

**CONTACT:** Virginia M Hammersmith, MFH Specialist  
(785) 271-2721 or at [virginia.hammersmith@ks.usda.gov](mailto:virginia.hammersmith@ks.usda.gov)

Patsy A Frommer, MFH Specialist  
(785) 271-2725 or at [patsy.frommer@ks.usda.gov](mailto:patsy.frommer@ks.usda.gov)

# **GUARANTEED RURAL RENTAL HOUSING PROGRAM (Sec. 538)**

## **RD Instruction 3565**

### **Purpose**

To increase the supply of affordable rural rental housing, for low to moderate income tenants, through the use of loan guarantees and partnerships between RHS and approved lenders.

### **Eligible Occupants**

Families, individuals, senior citizens (age 62 or over) and persons with disabilities whose income at the time of initial occupancy does not exceed 115 percent of the median income of the area.

### **Eligible Borrowers**

Individuals, corporations, non-profits, partnerships, limited liability companies, or any organization deemed eligible by the Agency.

### **Eligible Lenders**

Lenders eligible for approval include FHA, Fannie Mae, and Freddie Mac approved multifamily lenders.

Other lenders with multifamily lending experience may also be approved, such as:

- Federal Home Loan Bank system members, and
- Housing Authorities

### **Terms**

Loan term not to exceed 40 years at a fixed rate agreed upon by the applicant and the lender that does not exceed the maximum allowable rate established by the Administrator.

### **Fees:**

- Application Fee: \$2,500 to be submitted within 90 days of selection along with the full application
- Initial Guarantee Fee: 1% of principal amount of loan
- Annual Guarantee Fee: 1/2% of outstanding principal
- Extension to term of guarantee commitment: \$500
- Reopen lapsed commitment: \$500
- Transfer of property and assumption of loan: \$1,250

## **GUARANTEED RURAL RENTAL HOUSING PROGRAM (continued)**

### **Loan Limitations**

- Maximum loan for nonprofits and Indian tribes is 97% of the development cost or appraised value, whichever is less.
- Maximum loan for a for-profit entity is 90% of the development cost or appraised value, whichever is less.

### **Loan Purpose**

Development costs of rental housing and related facilities (New Construction Only) in communities under 20,000 population.

### **Applications**

Request for applications can be made in accordance with the Notice of Funding Availability (NOFA), published annually after October 1<sup>st</sup>.

### **Subsidies**

Each fiscal year (beginning October 1st), the Agency will provide assistance in the form of interest credit to the extent necessary to reduce the rate of interest to the AFR. See Notice of Funding Availability (NOFA) for specific amounts to be awarded each year.

### **Leveraging**

It is anticipated that applicants will utilize other affordable housing programs in conjunction with the Rural Development Guarantee.

### **Loan Servicing**

Lenders will be responsible for the full range of loan management, servicing and property disposition activities.

# RURAL DEVELOPMENT INTERNET ADDRESSES

USDA Rural Development Main Menu

<http://www.rurdev.usda.gov>

Kansas USDA Rural Development Main Menu

<http://www.rurdev.usda.gov/ks/>

Rural Housing Service Main Page

<http://www.rurdev.usda.gov/rhs>

*The U. S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).*

*To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C. 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.*