



Home Loan Guarantee Program Quick Reference Guide

Rural Development invested more than \$234.6 million in single family housing guaranteed loans in FY-2008. Private lenders utilized RD loan guarantees to help more than 2,300 eligible families and individuals buy, build and refinance homes in rural areas with competitive financing up to 102% LTV.

General

- 29% PITI, 41% TD ratios (waivers allowed).
- Debts with 6 months or more owed will be counted.
- Property must be located in eligible rural areas (See reverse for web Site with details).
- Land value cannot exceed 30% of total value.
- No in-ground swimming pools.
- No substandard homes.
- No existing manufactured homes.
- CAVIRS number(s) required.

Loan Purposes

- Purchase new or existing home.
- Pay closing costs for loan (no discount points).
- Pay pre-paid insurance.
- Pay necessary repairs.
- Purchase land and construct new dwelling.

Existing Dwellings

- Satisfactory appraisal.
- Well test.
- Septic system certification.

New Construction

- Satisfactory appraisal.
- Thermal certification.
- Plan certification.
- One year warranty with inspections on footings, framing and at completion.
- Or 10 year warranty with final inspection.
- Termite treatment certificate.
- Well test.
- Septic system certification.
- New manufactured home financing possible (See RD-TN web Site).

Key Points

- No PMI or MIP.
- Terms - 30 years.
- Guarantee fee 2% of loan amount.
- Refinance fee 0.5% of loan amount.
- Appraised values can be exceeded by amount of guarantee fee - up to 102% LTV.
- Streamlined credit Documentation with FICO score of 620 or higher.

Eligibility

- First time homebuyer **not** a requirement.
- Income must be within limits.
- Income must be adequate and dependable.
- Adequate ability to repay the loan (history).
- Acceptable credit history.
- Cannot obtain conventional financing.
- Citizen or permanent legal resident.
- Owner occupied.
- Legal capacity to incur debt.
- Bankruptcy OK if discharged for 36 months.

Income Eligibility

- All household income counted.
- Overtime, bonuses and commissions count, if supported by history.
- Child support counts with 12 month history.
- Self-employment (use IRS net income) 2 year history plus current info needed.
- Same job or line of work for past 24 months.
- Degree or certification can substitute for job time.
- All income verified including wages, social security, public assistance, etc.

Gross Income Deductions

- \$480 annually for each child under 18.
- Over 18 may count if full time student living at home.
- Actual child care expenses for children under 12 if parents work or are in school.
- \$400 annually for applicant or co-applicant if handicapped or elderly.
- Medical deductions may be considered for handicapped or elderly applicants.

www.rurdev.usda.gov/tn/guaranteedhousing.htm



Home Loan Guarantee Program

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NEW

Guaranteed Underwriting Software

- Desktop underwriting system for loan approval
- Free to lenders and bankers
- Reduces documentation requirements

For details contact:

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Additional Resources

Tennessee Guaranteed Rural Housing:

Links to all information and forms needed to request an RD loan guarantee in Tennessee.

www.rurdev.usda.gov/tn/guaranteedhousing.htm

Property & Income Eligibility: Direct link.

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

FHA Appraisers Roster:

Using these appraisers may reduce the number of inspections required for guarantee approval.

<https://entp.hud.gov/idapp/html/applookup.cfm>

ASC Appraisal Roster:

Appraisers used must be on this list.

www.asc.gov/content/category1/standardSearches.aspx?queryType=6

Federal Excluded Parties Listing:

A list of people who have been debarred from doing business with the Federal Government.

www.epls.gov

Fannie Mae: Current interest rates.

www.efanniemae.com/sf/refmaterials/hrny/index.jsp

THDA: Tennessee Housing Development Agency Educational and downpayment assistance available to qualified homebuyers.

<http://state.tn.us/thda/Programs/Mortgage/mortcvr.html>

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